

City of Huntsville

Comprehensive Annual Financial Report

For the year ended September 30, 2008



SAM HOUSTON

CITY OF HUNTSVILLE, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Prepared By:
City of Huntsville
Finance Department

This page was intentionally left blank.

Introductory Section

City of Huntsville, Texas
Comprehensive Annual Financial Report
For The Year Ended September 30, 2008

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit/Table</u>
INTRODUCTORY SECTION		
Letter of Transmittal.....	1	
GFOA Certificate of Achievement.....	6	
Organizational Chart.....	7	
List of Principal Officials.....	8	
FINANCIAL SECTION		
Independent Auditor's Report on Financial Statements.....	9	
Management's Discussion and Analysis (Required Supplementary Information).....	11	
<u>Basic Financial Statements</u>		
Government-wide Financial Statements:		
Statement of Net Assets.....	26	Exhibit A-1
Statement of Activities.....	27	Exhibit A-2
Fund Financial Statements:		
Balance Sheet - Governmental Funds.....	29	Exhibit A-3
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Assets.....	30	Exhibit A-4
Statement of Revenues, Expenditures, and Changes in		
Fund Balances - Governmental Funds.....	31	Exhibit A-5
Reconciliation of the Statement of Revenues, Expenditures, and Changes in		
Fund Balances of Governmental Funds to the Statement of Activities.....	32	Exhibit A-6
Statement of Net Assets - Proprietary Funds.....	33	Exhibit A-7
Statement of Revenues, Expenses, and Changes in		
Fund Net Assets - Proprietary Funds.....	35	Exhibit A-8
Statement of Cash Flows - Proprietary Funds.....	37	Exhibit A-9
Statement of Fiduciary Net Assets - Fiduciary Funds.....	39	Exhibit A-10
Notes to the Financial Statements	40	
<u>Required Supplementary Information:</u>		
Budgetary Comparison Schedules:		
General Fund.....	61	Exhibit B-1
Street Special Revenue.....	62	Exhibit B-2
Schedule of Funding Progress - Pension Plan.....	63	
<u>Combining Statements and Budgetary Comparison Schedules as Supplementary Information:</u>		
Combining Balance Sheet - All Nonmajor Governmental Funds.....	64	Exhibit C-1
Combining Statement of Revenues, Expenditures and Changes in		
Fund Balances - All Nonmajor Governmental Funds.....	66	Exhibit C-2

City of Huntsville, Texas
Comprehensive Annual Financial Report
For The Year Ended September 30, 2008

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit/Table</u>
Special Revenue Funds:		
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	68	Exhibit C-3
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds.....	71	Exhibit C-4
Budgetary Comparison Schedules:		
Municipal Court Security & Technology Fund.....	74	Exhibit C-5
Hotel Motel - Tourism.....	75	Exhibit C-6
Airport Fund.....	76	Exhibit C-7
Library Project Fund.....	77	Exhibit C-8
Police Department School Resource Officer.....	78	Exhibit C-9
Police Grants.....	79	Exhibit C-10
Arts Center SRF.....	80	Exhibit C-11
Debt Service Funds:		
Budgetary Comparison Schedule:		
Debt Service Fund.....	81	Exhibit C-12
Capital Projects Funds:		
Combining Balance Sheet - Nonmajor Capital Projects Funds.....	82	Exhibit C-13
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds.....	84	Exhibit C-14
Permanent Funds:		
Combining Balance Sheet - Nonmajor Permanent Funds.....	86	Exhibit C-15
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds.....	87	Exhibit C-16
Budgetary Comparison Schedules:		
Library Endowment.....	88	Exhibit C-17
Oakwood Cemetery Endowment.....	89	Exhibit C-18
Enterprise Funds:		
Budgetary Comparison Schedules:		
Water Fund.....	90	Exhibit C-19
Wastewater Fund.....	91	Exhibit C-20
Solid Waste Fund.....	92	Exhibit C-21
Oakwood Cemetery - Operating Fund.....	93	Exhibit C-22

City of Huntsville, Texas
Comprehensive Annual Financial Report
For The Year Ended September 30, 2008

TABLE OF CONTENTS

	Page	Exhibit/Table
Internal Service Funds:		
Combining Statement of Net Assets.....	94	Exhibit C-23
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets.....	95	Exhibit C-24
Combining Statement of Cash Flows.....	96	Exhibit C-25
Budgetary Comparison Schedules:		
Medical Insurance.....	97	Exhibit C-26
Capital Equipment.....	98	Exhibit C-27
Computer Equipment Replacement.....	99	Exhibit C-28
Fiduciary Funds:		
Agency Funds:		
Combining Statement of Fiduciary Assets and Liabilities.....	100	Exhibit C-29
Combining Statement of Changes in Assets and Liabilities.....	101	Exhibit C-30
OTHER SUPPLEMENTARY INFORMATION SECTION		
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	102	
Schedule of Findings and Questioned Costs	104	
Summary Schedule of Prior Audit Findings.....	105	
Schedule of Expenditures of Federal Awards	106	Exhibit D-1
Notes to the Schedule of Expenditures of Federal Awards.....	107	
STATISTICAL SECTION		
Net Assets by Component.....	108	Table E-1
Expenses, Program Revenues, and Net (Expense)/Revenue.....	109	Table E-2
General Revenues and Total Change in Net Assets.....	111	Table E-3
Fund Balances of Governmental Funds.....	112	Table E-4
Changes in Fund Balances of Governmental Funds.....	113	Table E-5
Tax Revenues by Source, Governmental Funds.....	114	Table E-6
Assessed Value and Estimated Actual Value of Taxable Property.....	115	Table E-7
Direct and Overlapping Property Tax Rates.....	116	Table E-8
Principal Property Tax Payers.....	117	Table E-9
Property Tax Levies and Collections.....	118	Table E-10
Direct and Overlapping Sales Tax Rates.....	119	Table E-11
Ratios of Outstanding Debt by Type.....	120	Table E-12
Ratios of General Bonded Debt Outstanding.....	121	Table E-13
Direct and Overlapping Governmental Activities Debt.....	122	Table E-14
Legal Debt Margin Information.....	123	Table E-15
Pledged-Revenue Coverage.....	124	Table E-16
Demographic and Economic Statistics.....	125	Table E-17

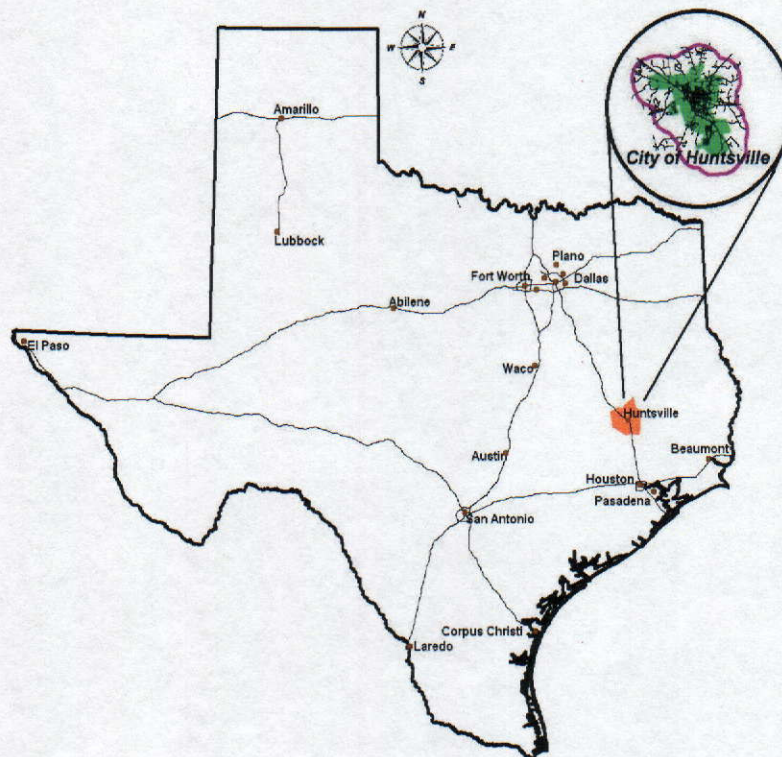
City of Huntsville, Texas
Comprehensive Annual Financial Report
For The Year Ended September 30, 2008

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit/Table</u>
Principal Employers.....	126	Table E-18
Full-Time-Equivalent Employees by Function/Program.....	127	Table E-19
Operating Indicators By Function/Program.....	129	Table E-20
Capital Asset Statistics by Function/Program.....	131	Table E-21

WELCOME TO THE CITY OF HUNTSVILLE, TEXAS

The City of Huntsville is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City was incorporated January 30, 1845 and first adopted its Home Rule Charter on September 28, 1968. The City operates under a Council/Manager form of government, where the Mayor and eight Council members are elected for staggered two-year terms. The City Council formulates operating policy for the City while the City Manager is the chief administrative officer. The City of Huntsville is the county seat and principal commercial center of Walker County, located on Interstate 45, approximately 70 miles north of Houston, 170 miles southeast of Dallas, and approximately 130 miles west of the Louisiana state line. The city's 2000 census was 35,078, a 25.6% increase from the 1990 census. Population estimates include inmates within the Texas Department of Criminal Justice (TDCJ) system.



Walker County is in an east Texas county with an economy based on Sam Houston State University, the state prison system, lumbering, and agribusiness. Principal sources of agricultural income include cattle, horses, cotton, grain, and timber. Minerals produced in the county include gas, sand, stone, and gravel. The 2000 census for the county was 61,758, an increase of 21.3% from the 1990 census. The Sam Houston National Forest covers 53,461 acres of Walker County.

Huntsville State Park is located within the national forest and on the outskirts of Huntsville. Nearby, Lake Livingston and Lake Conroe also provide recreational facilities for residents and visitors. Other tourism attractions include the Sam Houston Memorial Museum and Park Complex, located near SHSU, and the Visitors Center, located at the Sam Houston statue site. "A Tribute to Courage," the Sam Houston Statue, was designed and constructed by artist David Adickes. He dedicated the statue to the City of Huntsville on October 22, 1994. It is the world's tallest statue of an American Hero, at 67 feet tall, standing upon a 10-foot sunset granite base.

Huntsville is the headquarters for TDCJ, which is the only state agency located outside of the capital. Five of its prison units are located within the city limits, and there are two additional units located outside the city limits (over 13,000 inmates are housed in the area with TDCJ employment over 6,000 within Walker County).

Founded in 1879 and named in honor of the most important figure in Texas history, Sam Houston State University (SHSU) is the third oldest public university in Texas. With a current enrollment of over 16,000 students and over 2,880 employees, the university was the fastest growing university in the state in 2007. Founded as the first teacher training institution in the southwest, the campus comprises 272 acres, including part of the original home site of the Houston family. With five colleges (Arts and Science, Business, Criminal Justice, Education, and Humanities and Social Science), the university offers seventy-nine undergraduate degree programs, forty-eight masters' programs, and five doctoral programs.

According to the United States Census Bureau, the 2003 median income for Walker County was \$30,537 per household, compared to the state median of \$39,967. The Texas Workforce Commission reported 24,466 persons employed in Walker County in 2005. The Walker County unemployment rate in December, 2008 was 5%. Sixty percent (60%) of the population is between the ages of 18 to 44, and seventy-two percent (72%) over the age of 25 has a high school degree or higher level of education.

Other governmental presence in Huntsville includes Region VI Educational Service Center, Gulf Coast Trades Center, Sam Houston State Park and non-profit Sam Houston National Forest, and the various units of local government and state field offices. The large governmental presence keeps the unemployment rate low, but also places much greater pressure on the property tax rate and utility rates.



CITY OF Huntsville

Incorporated in 1845 under the Republic of Texas

March 19, 2009

Honorable Mayor and City Council members, Citizens
City of Huntsville
Huntsville, Texas 77340

The Comprehensive Annual Financial Report (CAFR) of the City of Huntsville, Texas, for the fiscal year ended September 30, 2008 is presented herein. Disclosures necessary to enable the reader to gain an understanding of the City of Huntsville's financial activities have been included.

Financial Statement Overview

The CAFR is presented in four sections: introductory, financial, other supplementary information, and statistical. The introductory section includes this transmittal letter, the City's organizational chart, and a list of principal officials. The financial section includes the basic financial statements and the combining financial statements, budgetary comparison schedules, the other supplementary information section, capital asset schedules, and federal and state awards reports and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. This report includes all city funds.

The report is the sixth compliance year under Rule 34 as established by the Governmental Accounting Standards Board (GASB31). Under this rule, an entity-wide statement of net assets is presented with depreciation of assets. Under the rule, statements are presented on a government-wide and Fund statement basis. Both the government-wide and the Fund Financials present information supporting the other, and the Fund Financials provide additional information not reported government-wide.

The government-wide statements report on the city as a whole using the accrual basis of accounting. The statements are comprised of a Statement of Net Assets and a Statement of Activities with supplemental information provided in the Fund statements. The Statement of Net Assets reports changes in assets, presenting all assets and liabilities of the city. The Statement of Activities presents revenues and expenses by function, demonstrating how those assets have changed, and distinguishes activities supported by user fees compared with those supported by taxes and intergovernmental transfers. The statements distinguish between traditional governmental activities and business-type activities.

Fund financial statements are reported using the modified accrual basis of accounting under traditional fund accounting principles. More detailed information is presented about significant (major) and non-major funds. The funds are divided among governmental, enterprise, internal service (business-type or proprietary funds), and agency funds. The Fund financial statements focus on current or near-current inflows and outflows and available balances. Proprietary fund information presented in this manner reinforces information provided in the government-wide statements for business-type activities.

The Management's Discussion and Analysis section preceding the financial statements provides an analysis of the financials and highlights changes from the prior year. Both the government-wide and the government fund financial focus are presented.

FINANCE

1212 Avenue M • Huntsville, TX 77340-4608 • 936.291.5440 • 936.291.5489 fax • www.huntsvilletx.gov

Our vision for the City of Huntsville is a community that is beautiful, historic, culturally diverse, affordable, safe, and well planned with great opportunity for our citizens.

City Services

The City provides police and fire protection, solid waste services, maintenance of streets and utility infrastructure, wastewater and water services, parks, a public library, and cultural services. Water is provided to the community by a combination of water produced from City owned and operated water wells and from a surface water treatment plant in partnership with the Trinity River Authority of Texas. The costs associated with operations of the surface water treatment plant are shown as an expense of the Water Fund. Street activities and operations are accounted for in the Street Fund.

In the fiscal year, the City planned and began the transition from a manual to an automated solid waste system. The City purchased \$1 million of trucks and equipment for the new solid waste system. Savings are anticipated in reduced personnel costs.

Priorities and Objectives

Council priorities were transitioning to automated solid waste collection, and financing an additional fire station. Infrastructure extensions to underserved areas and reviewing the health insurance fund to ensure adequacy of funding were other priorities. A primary priority was to meet objectives while maintaining tax and utility rates. To this end, the effective tax rate was adopted and utility rates remained the same.

Objectives completed included: 1) transition to automated waste system, 2) completion of a \$4.4 million multi-year sewer project in a major residential addition, 3) changes in health insurance providers and the addition of a second tier for retirees, effective the beginning of the following the fiscal year, 4) the addition of four public safety personnel, 5) planning for an additional fire station, 6) initiation of capital project additions, and 7) progress toward franchise agreement negotiations.

Hurricane Relief

The City provided police and staff support during and after Hurricane Ike in September – October, 2008. During the period, additional overtime and expenditures for clearing debris and public safety were incurred. In contrast to past hurricanes, more staff time was dedicated to clean-up, in addition to assisting with shelter security or housing. The City anticipates federal and state reimbursement of approximately \$1 million in the 2009 calendar year.

Transition Factors Affecting Operations

With the departure of key personnel during the year, personnel and council efforts were centered on the recruitment process. Transition of management and implementation of the automated solid waste system were primary management efforts. Gas prices negatively affected sales tax collections in the final two months of the fiscal year while increasing operating costs, particularly in solid waste.

Transition factors were also affected by the hurricane, from the standpoint of both expenditures and revenue. These transition factors affected operations, contributing to an overall reduction in spending compared to budget.

Summary of Financial Activities

Meeting council objectives of a balanced budget and balancing operating revenues versus expenditures, the fund balances of all major operating funds increased. Project expenditures were concluded for the following:

- Addition of two firefighters, and an additional two with grant funding,
- Automated Waste transition,
- Debris clean-up from hurricane and support of emergency operations,
- Addition of two police officers,
- Completion of the Westridge neighborhood sewer project and other underserved drainage and sewer projects.

The fiscal year represented the third year that the budget was presented balanced between revenues and expenditures in each major operating fund, including the General Fund. Sales tax showed higher than average growth and the City received substantially higher permit fees due to apartment building in the year. With increased revenue and a reduction in operating expenditures, the General

Fund posted a net change of \$1.7 million. The Street Fund budget was balanced, but the fund balance decreased by \$93,664. Anticipated franchise revenue from additional electric usage fees did not materialize due to negotiations on the overall contract. The City anticipates future revenue from this source.

The Water Fund had increased revenue compared to budget but expenditures increased. As a result, the change in net assets for the Water Fund was an increase of \$218,474. Wastewater had an increase in revenue equivalent to that of the prior year. Solid Waste Fund decreased net assets by \$279,190 due to transition costs and gas prices.

On a government-wide basis, net assets for Government activities increased from \$24.6 million to \$28.9 million. Net assets for business-type activities decreased from \$59.1 million to \$58.5 million.

Comprehensive Plan

The City initiated a process for public involvement in the development of a Comprehensive Plan that was completed during the fiscal year. Public and committee meetings were held to discuss City issues and priorities, and to finalize strategic objectives and priorities in developing the plan. The plan and the annual strategic planning meeting were incorporated into the budget process.

Economic Development

Recognizing the need for greater economic development within the City and its extraterritorial jurisdiction, the council sought to expand the tax base through the expansion of existing industries and the recruitment of new businesses. With the county, the City participated in a TIRZ (Tax Incremental Reinvestment Zone) to attract development and businesses. Development processes continued during the year, and Target is scheduled to open summer 2009. The City also coordinates with the Huntsville-Walker County Chamber of Commerce's Tourism and Economic Development Councils and assists with the efforts of these organizations in the promotion of tourism and the encouragement of business development and retention.

Capital Projects

Construction-in-progress for enterprise fund projects in the Water and Wastewater Funds are recorded in their respective funds. The Water Fund recorded \$3.7 million in construction and the Wastewater Fund, \$1.0 million in construction.

Construction began on an additional fire station with certificates of obligation issued in 2004 in the amount of \$1.1 million. The project was completed in Fiscal Year 2007-08. Debt service is funded in the debt service fund.

Construction for the Wynne Home Arts Center and the Aquatic Center was substantially completed during fiscal year 2005-06. Operations began during the FY 2006-07.

The Aquatic Center project, with a budget of \$2.3 million was funded with city contributions of \$500,000; a Texas Parks and Wildlife grant of \$500,000; a 7-year tax note for \$1.1 million in 2005; and public contributions of \$152,000. The tax note funding the project had no affect on the tax rate.

Debt Issues

The City issued a \$2.0 million water revenue bond in November of 2007 for a water filter project and engineering study of the water plant. The bond is callable in three years.

The City issued debt in the form of a \$1.1 million tax note for seven years for the construction of the Aquatic Center in 2005. Payments are budgeted in future years from operating revenue and available fund balances. No additional taxes were levied for the retirement of this debt.

The City had refunded debt in 2005 in the amount of \$3,820,000 for a portion of the 2000 street arterial issue. Debt service is funded in the Debt Service Fund from existing tax levies for the 2000 street certificates of obligation.

The City implemented an automated waste program during the year. Purchase of the trucks were financed with a capital lease of approximately \$986,000.

The fund balance for the Debt Service Fund servicing general obligation debt increased \$131,362 to \$225,860.

Utility and Tax Rates

City Council has actively sought to maintain the ad valorem property tax rates. In FY 1998-99, the ad valorem tax rate was increased to \$0.4300 per \$100 assessed valuation to fund a Street Arterial Capital Project. In FY 1999-00, the rate was adjusted to \$0.4125 because of an increase in the assessed valuation. The Tax rate adopted in FY 2001-02 was \$0.4325, providing additional funds for the capital streets program. The FY 2002-03 rate was \$0.4500, 0.42500 for FY 2003-04, and \$0.4375 for FY 2004-05. For FY 2005-06 the tax rate adopted was \$0.4319, a reduction of one-half cent. For FY 2006-07, the adopted tax rate was decreased to \$0.4192. The rate for Fiscal Year 2007-08 was decreased to \$0.4135.

A sales tax increase of ½ cent dedicated for property tax reduction was approved by voters in August 1987. The City sales tax rate is 1.5%.

The City wastewater rates were adjusted in FY 1992-93 as result of USEPA mandated modifications to the two wastewater treatment plants and again in FY 1995-96 and FY 1996-97 to fund the Capital Improvements budget. Beginning October 1, 2000, following a rate study and approval of a capital improvement initiative, water and wastewater rates were adjusted. Solid waste collection charges and disposal rates were adjusted during 2002, following the Solid Waste Rate Study. Utility rates remained the same for FY 2004-05, FY 2005-06, FY 2006-07, and for the current year FY 2007-08.

Cash Management

City policy is governed by the laws of the State of Texas. Authorized investments are governed by state code. Demand deposits for the City are covered by pledged securities in the City's name at the Federal Reserve Bank pursuant to state law and the City's depository contract. Funds needed for daily operations are kept in demand deposits with the remainder invested in approved government pools or short-term agencies. Investment rates decreased during the last quarter of the fiscal year; consequently, investment revenue was within budget but was decreasing with the downward trend in rates.

Budget Process

The Budget process begins with an annual update by council of the strategic objectives and is coordinated with the vision and objectives formulated by the comprehensive plan. In accordance with these objectives a capital improvement plan is updated for presentation to council. Departments present budget requests detailed by line items. Supplemental requests are submitted based on the City's comprehensive strategic plans. The City has initiated performance measures as effectiveness tools which are reviewed and updated during the process. The budget is reviewed throughout the year during monthly financial reporting.

Internal Controls

The City relies on certain internal financial controls as identified in the financial, purchasing, personnel, and fixed asset policies. Adopted by ordinance, they provide the basis for reliance on the financial statements. Such assurances do not, themselves, guarantee the prevention of fraud. By monitoring internal controls, the basis of reliance on the financial statement as a fair presentation in all material respects is provided. The financial position of governmental and business-type activities of each fund, and the reliance on the compliance with laws, regulations, contracts, grants, ordinances, and policies is provided.

Independent Audit

The City Charter requires an annual audit by independent certified public accountants. The accounting firm of Kenneth C. Davis and Company, P.C. was recommended by the City Council Finance Committee and selected by the Council. In addition to meeting the requirements set forth in State statutes, the audit was also designed to meet the requirements of Government Auditing Standards. The auditor's report on the general purpose financial statements is in the financial section of this report. The auditor's report on compliance and on internal control over financial reporting and additional reports are provided in the other supplementary information section.

Awards

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Huntsville for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2007. This was the 31st year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the governmental body must publish a CAFR with required criteria for management discussion and analysis in conformity with generally accepted accounting standards under GASB (the Governmental Accounting Standards Board) and in conformity with GFOA requirements.

This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate. In addition, the City of Huntsville also received the GFOA's Award for Distinguished Budget Presentation for its annual appropriated budget for the past 21 years. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document must be judged to be proficient in several categories including policy documentation, financial planning, and organization. The budget for the fiscal year beginning October 1, 2008 (FY 2008-09), has been submitted for review.

Acknowledgements

We would like to express our appreciation to the City Council for their concern in providing fiscal accountability to the citizens of our City. The preparation of this report could not be accomplished without the efficient and dedicated services of the Council, employees, and entire staff.

Respectfully submitted,



Winston Duke
Director of Finance



Bill Baine
City Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Huntsville
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

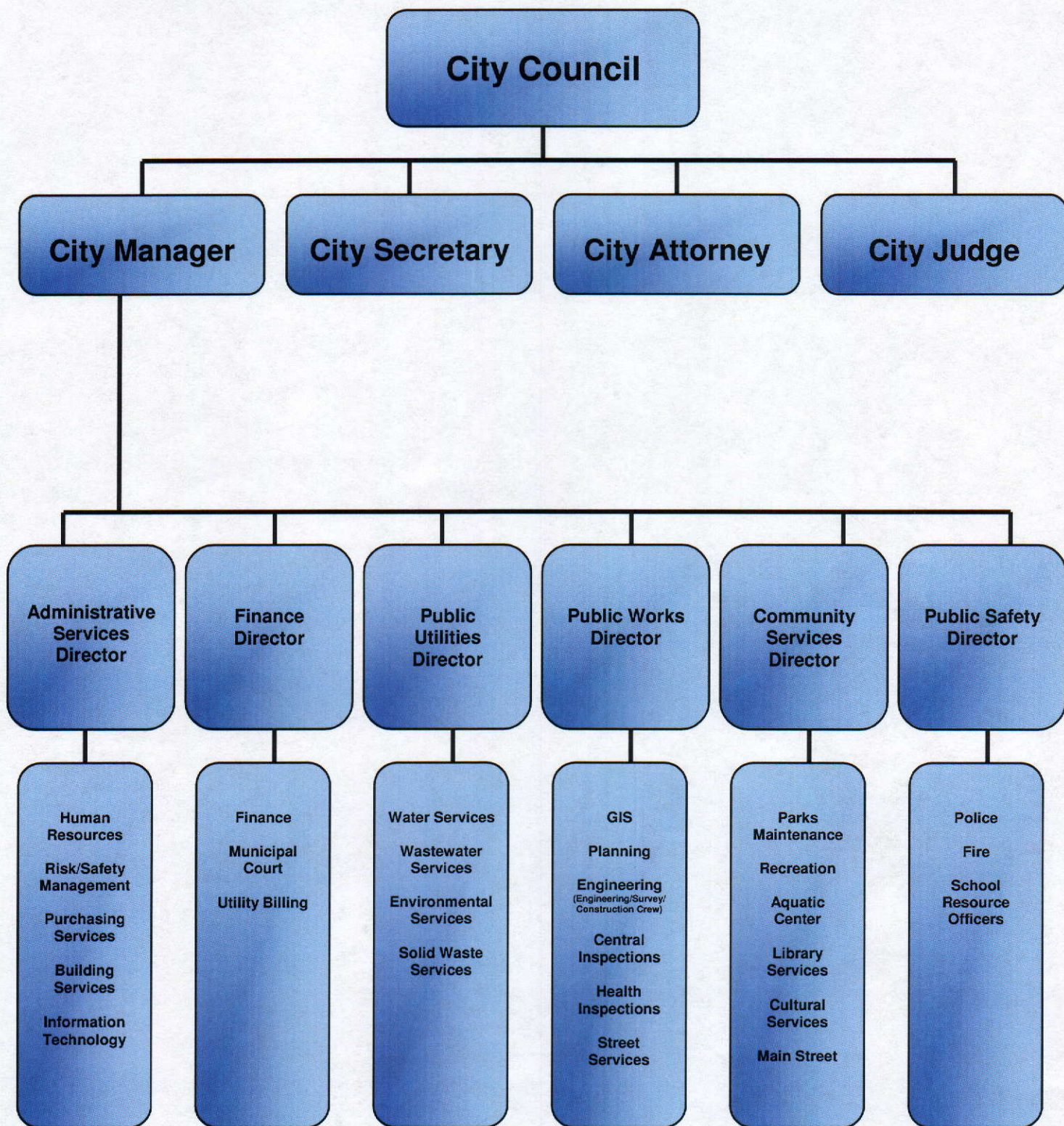


A handwritten signature in black ink, appearing to read "M. L. R.", is positioned above the title "President".

President

A handwritten signature in black ink, reading "Jeffrey R. Emer", is positioned above the title "Executive Director".

Executive Director



CITY OF HUNTSVILLE, TEXAS**LIST OF PRINCIPAL OFFICIALS****SEPTEMBER 30, 2008**

Elected Officials

<u>Name</u>	<u>Office</u>
J. Turner	Mayor
Dr. Thomas C. Cole, Jr.	Councilmember - Ward 1
Mac Woodward	Councilmember - Ward 2
Clarence W. Griffin	Councilmember - Ward 3
Wayne Barrett	Councilmember - Ward 4
Dalene Zender	Councilmember - Position 1
Melissa Mahaffey	Councilmember - Position 2
Charles Forbus	Councilmember - Position 3
Lanny Ray	Councilmember - Position 4

Appointed Officials & Directors

<u>Name</u>	<u>Position</u>
William (Bill) Baine	City Manager
Stephanie Brim	City Secretary
Thomas Leeper	City Attorney
John Gaines	Municipal Court Judge
Victor Pena	Director of Administrative Services
Winston Duke	Director of Finance
Matt Lumpkins	Director of Community Services
Jean Sanders	Director of Public Safety
Glenn Isbell	Director of Public Works
Bill Daugette	Director of Public Utilities

This page is left blank intentionally.

Financial Section

This page was intentionally left blank.

Kenneth C. Davis & Company

A Professional Corporation

Certified Public Accountants

1300 11TH STREET, SUITE 400

P.O. BOX 6308

HUNTSVILLE, TEXAS 77342

PHONE (936) 291-3020

FAX (936) 291-9607

Independent Auditor's Report on Financial Statements

City Council
City of Huntsville, Texas
1212 Avenue M
Huntsville, Texas 77340-4608

Members of the City Council:

We have audited the accompanying basic and combining financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Huntsville, Texas as of and for the year ended September 30, 2008, which collectively comprise the City's basic and combining financial statements as listed in the table of contents. These financial statements are the responsibility of City of Huntsville, Texas' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Huntsville, Texas as of September 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the combining financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the aggregate remaining fund information of City of Huntsville, Texas and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

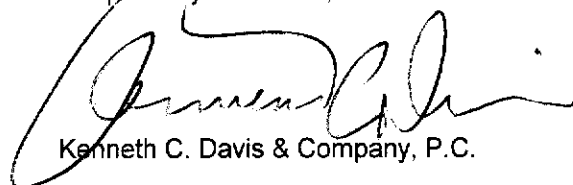
In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2009, on our consideration of City of Huntsville, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the budgetary comparison information identified as Required Supplementary Information in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management

regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements which collectively comprise the City of Huntsville, Texas' basic and combining financial statements. The accompanying schedule of expenditures of federal awards required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and the supporting schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic and combining financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic and combining financial statements taken as a whole. The introductory section and the statistical tables have not been subjected to the auditing procedures applied in the audit of the basic and combining financial statements and, accordingly, we express no opinion on them.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Kenneth C. Davis", is written over the typed name and company name.

Kenneth C. Davis & Company, P.C.

February 9, 2009

MANAGEMENT DISCUSSION AND ANALYSIS

Management of the government is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

A large portion of the land located within the city limits is State owned and, therefore, tax exempt. Huntsville is the home of Sam Houston State University and the Texas Department of Criminal Justice. The governmental payroll generated by these two principal employers comprise the backbone of the local economy, providing stability and a viable alternative to limited property tax revenues through the sales tax option. Huntsville is the center of commerce for Walker County and our region.

GENERAL GOVERNMENTAL FUNCTIONS

Revenues and other financing sources for 2008 general governmental functions - General Fund, Streets, and Other Governmental Funds (Capital Project, Debt Service, and non-major Special Revenue Funds) - totaled \$21,857,121 for the fiscal year ended September 30, 2008. Comparative revenues for the prior year were \$21,250,248.

The following table details the revenue categories of total general governmental revenues. The increases/decreases in amounts from prior years are shown, along with the percentage of change.

REVENUES	AMOUNT FY 2007-08	AMOUNT FY2006-07	AMOUNT FY 2005-06	AMOUNT FY 2004-05	INCREASE (DECREASE) FROM FY 06-07	PERCENT OF INCREASE FROM FY 06-07
Taxes and Franchises	\$ 13,674,901	\$ 12,776,640	\$ 12,110,807	\$ 11,349,448	\$ 898,261	7.0%
Permits and Licenses	313,952	444,643	284,860	242,684	(130,691)	(29.4)%
Fines and Fees	878,632	889,400	827,609	779,967	(10,768)	(1.2)%
Charges for Service	609,287	636,241	568,879	676,585	(26,954)	(4.2)%
Administrative Reimbursement	4,958,864	4,653,361	4,215,525	3,696,776	305,503	6.5%
Interest Earnings	443,066	571,586	481,777	251,741	(128,520)	(22.5)%
Grants/Contributions	473,502	832,626	843,689	1,124,133	(359,124)	(43.1)%
Other	504,917	445,751	919,297	252,426	59,166	13.3%
TOTAL	<u>\$ 21,857,121</u>	<u>\$ 21,250,248</u>	<u>\$ 20,252,443</u>	<u>\$ 18,373,760</u>	<u>\$606,873</u>	<u>2.9 %</u>

The percentage of revenues collected from sales tax has historically been larger than revenues collected from property taxes because of the limited ad-valorem tax base in Huntsville. Taxes and franchise fees increased due to increased sales tax, increased apartment building, and growth of the local university. The economy remained healthy with slow down from the prior year due to completion of apartment building. Sales tax growth maintained a steady up trend. (2.9% versus 5% prior year). Franchise income increased \$46,528.

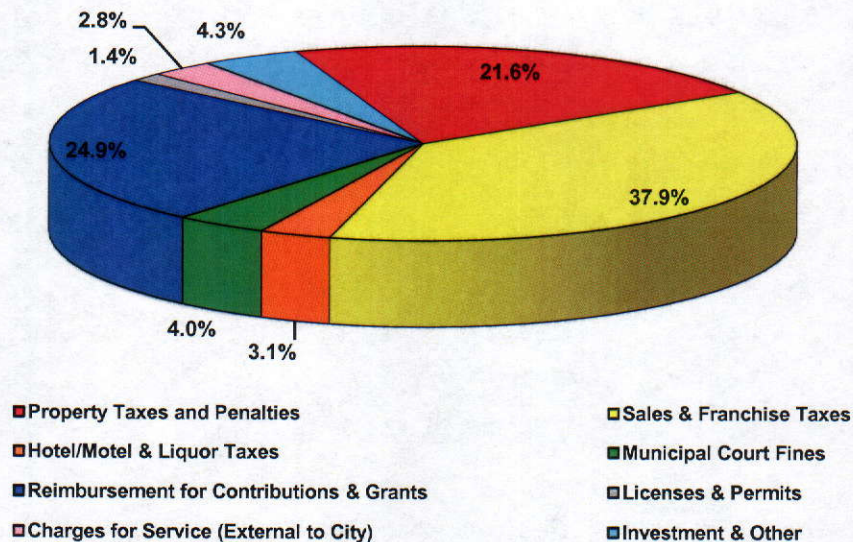
Comparative data on taxable assessed valuations and property tax collection is presented in the following schedule.

	2007-08	2006-07	2005-06	2004-05	2003-04
Assessed Valuation	\$1,071,063,985	\$ 987,649,140	\$ 916,559,997	\$ 879,693,723	\$ 819,930,777
Property Tax Collections	4,725,708	5,134,519	3,981,537	3,847,994	3,545,267
Outstanding Delinquent Taxes	210,785	424,435	336,207	269,809	228,448
Tax Rate	0.4135	0.4192	0.4319	0.4375	0.4250

The Governmental Fund revenues are comprised of the following categories and percentages:

	2007-08	2006-07	2005-06	2004-05
Property Taxes and Penalties	21.6%	19.5%	19.7%	22.3%
Sales & Franchise Taxes	37.9%	37.9%	37.4%	40.9%
Hotel/Motel & Liquor Taxes	3.1%	2.7%	2.8%	2.7%
Municipal Court Fines	4.0%	4.2%	4.0%	4.5%
Reimbursement -Contributions/Grants	24.9%	25.8%	25.9%	21.4%
Licenses & Permits	1.4%	2.1%	1.4%	1.4%
Charges for Service (External to City)	2.8%	3.0%	2.8%	3.9%
Investment & Other	4.3%	4.8%	6.0%	2.9%
	100%	100.0%	100.0%	100.0%

Increased sales taxes revenue contributed to the increase in the combined sales and franchise tax category. Excluding internal administrative reimbursements, contributions and grants and interest decreased. Fines and service charges were flat.



The Water and Wastewater Fund and Solid Waste Fund reimburse the General Fund a portion of their administrative costs. Administrative functions, including the Charter Offices, Finance, Information Technology, Human Resources and other Administrative Services divisions, and Public Works divisions, etc., are budgeted in the General Fund. The amount of the administrative cost reimbursement is based to the largest degree possible on quantitative measurements. Human Resources costs are reimbursed based on the numbers of employees in each fund. Administrative, Charter Offices, and Finance costs are based on the various budgets as a percentage of the total budget. The Street Fund receives right-of-way fees from utilities paying franchise fees and from the Waste, Wastewater, and Solid Waste Funds. The Wastewater and Solid Waste Funds reimburse the Water Fund for utility billing and meter reading costs. After review of allocations, the administrative cost reimbursements increased compared to the prior year as expenditures supporting allocations also increased. The Water Fund reimburses the Wastewater Fund for environmental services costs. Administrative cost reimbursements totaled \$4,958,864 for the year.

GOVERNMENTAL FUND EXPENDITURES BY ACTIVITY

Major and Non-major Funds

The City's major governmental funds are the General Fund and the Street Special Revenue Fund. Total expenditures for the General Fund were \$14,119,048 and total expenditures for the Street Special Revenue Fund were \$2,927,162. Ending fund balance for the General Fund and the Street Fund were \$7,964,886 and \$1,193,774, respectively. Expenditures were increased in all operating areas by 1%.

Non-major funds included Special Revenue, Debt Service, Capital Projects, and Permanent Funds. Special Revenue Fund expenditures totaled \$1,128,909, Capital Projects Funds totaled \$282,650, and Permanent Funds had no expenditures for the year. The Debt Service Fund had expenditures of \$1,618,838. The combined fund balance of the non-major funds was \$3,748,354 at year-end with total expenditures of \$3,030,397.

Overall, expenditures in Governmental Funds were the same as the prior year. Community Services expenditures decreased from the prior year due to completion of the Aquatic Center. Public safety expenditures increased in FY 2007-08 with the building of the fire station. Administrative services includes non-departmental expenditures.

The following schedule presents a summary of the increases and decreases in relation to the prior year amounts.

EXPENDITURES AND OTHER USES	AMOUNT FY 2007-08	AMOUNT FY 2006-07	AMOUNT FY 2005-06	AMOUNT FY 2004-05	INCREASE (DECREASE) FROM FY 06-07	PERCENT OF INCREASE (DECREASE)
Charter Offices	\$972,581	\$ 909,677	\$ 777,808	\$ 808,611	\$ 62,904	6.9%
Finance	1,211,277	1,080,643	1,178,178	1,073,657	130,634	12.1%
Public Works	4,677,737	4,519,255	4,519,442	5,226,337	158,482	3.5%
Community Services	2,710,219	2,921,226	4,185,919	2,683,636	(211,007)	(7.2%)
Public Safety	5,846,042	6,259,719	4,943,415	5,147,725	(413,677)	(6.6)%
Administrative Services	2,886,470	2,529,657	2,633,073	2,290,513	356,813	14.1%
Debt Service:						
Principal Retirement	976,916	944,848	1,079,681	4,296,631	32,068	3.4%
Interest	795,365	829,343	886,283	861,679	(33,978)	4.0%
TOTAL EXPENDITURES AND OTHER USES	<u>\$20,076,607</u>	<u>\$19,994,368</u>	<u>\$ 20,203,799</u>	<u>\$ 22,388,789</u>	<u>\$ 82,239</u>	<u>.4%</u>

Resource Availability and Future Outlook

Revenues in the General Fund are stable and trending upward, with sales taxes showing a healthy increase. Assessed valuation continued to increase slightly over the prior year. However, adoption of the effective tax rate maintains revenue at the current level for existing property with the addition of new property. Inflation is not factored into rate considerations. Funds are available for basic services and the City continues to maintain adequate reserves. Unrestricted net assets available for governmental activities were \$11,644,817 and \$25,887,900 for business-type activities for the year ending September 30, 2008. General Fund unreserved fund balance totaled \$7,858,244.

Revenue from sales tax exceeded budget by 7.5% and license/permit revenue by 44% with the increase in apartment construction. Overall revenue was increased 7% compared to budget. Fund balances increased with increased revenues, especially from sales taxes, while expenditures were substantially reduced with differences attributable to turnover and management changes.

There were reduced operating expenditures in public safety activities and in community services due to completion of the fire station and personnel turnover expenditures. Changes in policy and improved budget management reduced overtime expenditures.

The City expects to be able to meet citizens' needs as in the past. Huntsville is fortunate in two major respects: (1) the economic base is stable; and (2) the City's financial planning has been well defined and monitored by the elected officials. The fund balances of the General and Governmental Funds remains healthy and in conformance with the City's Fiscal and Budgetary Policies.

Debt Service – General Obligation

Total outstanding debt as of September 30, 2008, is \$17,380,000 approximately 16% of the legal debt limit.

In 2001, certificates of obligation were issued for a golf course. The City retains the responsibility for the debt but collects revenue in a golf course lease agreement with Sam Houston State University that offsets the debt service. In 2004, certificates of obligation were issued for a fire station. Refunding obligations were issued in 2004 for \$2.2 million and 2005 for \$3.8 million to achieve interest savings. The outstanding balance of \$85,000 on this issue is self-supported by the solid waste fund.

Tax notes of \$1.1 million were issued in 2005 for the construction of an aquatics center complex; no additional tax levy was required for debt service related to the notes. Tax note obligations at September 30, 2008 totaled \$590,000. The City issued a voter approved bond in the amount of \$1,850,000 in February, 2009 subsequent to the year end for the construction of the NE Fire Station.

Past Council practice has been to issue short term certificates of obligation for equipment purchases, with funding for a period equal to or less than anticipated life. With the use of the accumulated equipment replacement funds, the need for short-term debt has been reduced. Lease purchase covered by operating revenues is the preferred method in the event a cash purchase is not feasible. This method is used primarily for more expensive equipment with a long-term useful life.

	OUTSTANDING SEPTEMBER 30, 2008	OUTSTANDING SEPTEMBER 30, 2007	OUTSTANDING SEPTEMBER 30, 2006
<hr/>			
<u>Bonds:</u>			
2004 Portion of Refunding	\$ 85,000	\$ 391,916	\$ 806,764
2005 Refunding	3,755,000	3,780,000	3,805,000
TOTAL BONDS	3,840,000	4,171,916	4,611,764
<hr/>			
<u>Certificates of Obligation:</u>			
1998 Street Arterial	6,655,000	6,760,000	6,865,000
2000 Street Arterials	675,000	860,000	1,005,000
2001 Golf Course	4,590,000	4,680,000	4,765,000
2004 Fire Station	1,030,000	1,080,000	1,125,000
2005 Tax Notes	590,000	720,000	845,000
TOTAL CERTIFICATES OF OBLIGATION	13,540,000	14,100,000	14,605,000
TOTAL	\$ 17,380,000	\$ 18,271,916	\$ 19,216,764
<hr/>			

Capital lease debt is \$986,353. Liability for compensated absences is \$1,189,682.

A comparison of the property tax rate and the allocation between operations and debt service is as follows (per \$100 assessed valuation):

<u>FISCAL YEAR</u>	<u>OPERATIONS RATE</u>	<u>DEBT RATE</u>	<u>TOTAL RATE</u>
1993-94	\$ 0.18811	\$ 0.19629	\$ 0.3844
1994-95	0.21682	0.16758	0.3844
1995-96	0.27923	0.10517	0.3844
1996-97	0.26900	0.11540	0.3844
1997-98	0.28312	0.10128	0.3844
1998-99	0.32718	0.10282	0.4300
1999-00	0.27609	0.13641	0.4125
2000-01	0.30763	0.12487	0.4325
2001-02	0.27785	0.15465	0.4325
2002-03	0.28397	0.16603	0.4500
2003-04	0.23223	0.19277	0.4250
2004-05	0.24473	0.19277	0.4375
2005-06	0.23913	0.19277	0.4319
2006-07	0.23810	0.1811	0.4192
2007-08	0.24050	0.17300	0.4135

FY 2007-2008 Debt

The City borrowed \$ 986,353 under a five year capital lease funded by solid waste fees.

The City's legal debt limit is 10% of assessed value. Based on current assessed value, the legal debt limit is \$107,106,399. Council expects to be able to meet current outstanding debt payments with the .17300¢ per \$100 assessed tax rate for debt. No new debt payable from property tax revenues was issued in FY 2007-08. The city issued \$2.0 million in water revenue bonds for capital projects and an engineering study. The debt did not take affect rates. Subsequent to year end, a voter approved bond for construction of a fire station was issued for \$1,850,000.

Prior Years' Debt

The City issued debt in FY 2003-04 in the amount of \$1,200,000 for fire station construction. In FY 2003-04, debt in the amount of \$2,135,000 was refinanced with a refunding issue in the amount of \$2,220,000 for interest savings. The debt refinanced related to the following funds for these amounts: General - \$1,150,000, Water - \$115,000, Waste Water - \$480,000, and Solid Waste - \$390,000. In FY 2005-06 a refunding issue in the amount of \$3,820,000 was financed for street arterials to achieve interest savings.

FINANCIAL HIGHLIGHTS

Governmental Fund Financial Basis

General Fund

- At the end of the current fiscal year, fund balance for the General Fund was \$7.964 million, an increase of \$1,691,529 from the prior year.
- General Fund revenue increased by \$774,402, an increase of 5.0% from FY 2007. This increase was due primarily to increased sales tax collection and equaled the growth from the prior year.
- General Fund expenditures increased by \$818,387, an increase of 6.2% from FY 2007. Overall, FY 2008 expenditures were \$921,683, or 6.1% less than the amended budget.

Other Governmental Funds

- Total Governmental Funds had a net change of \$2,707,653 in additional fund balance with a \$1.7 million increase in the General Fund.
- Hotel/Motel – Tourism had revenue of \$553,456 versus expenditures and transfers of \$280,106 and an ending balance of \$622,316. The net change in fund balance was \$173,350. Revenue increased \$72,000 from the prior year.
- Arts Center Special Revenue Fund had revenue of \$100,318 and expenditures of \$205,461. With transfers-in of \$60,699, the ending fund balance increased to \$82,112. The fund accounts for operations of the Wynne Home and other arts programs. Transfers from the General Fund provided a source of funds to balance revenue and expenditures.
- Police grants had expenditures of \$15,603 (\$18,530 for FY 2006-07) and the police school resource officer fund had expenditures of \$475,549 (\$422,883 for FY 2006-07).
- Total Special Revenue non-major fund expenditures were \$1,128,909 an increase of \$65,002 from the prior year. Community Services had approximately one-half of Special Revenue expenditures.
- Capital Project expenditures were \$282,650 decreased from \$1.20 million with completion of the west side fire station. Sources of revenue for these funds include grants, city revenue, donations, and developer contributions.

Proprietary Funds – Enterprise and Internal Service Funds

The net assets of the City's enterprise funds decreased by \$633,670 in FY 2008, with increased operating expenditures for capital and operations. Internal Service Funds (Medical, Equipment, and Computer Replacement Funds) recorded a net asset increase of \$2.2 million with transfers for equipment purchases and medical fund contingency.

GOVERNMENT-WIDE FINANCIAL BASIS

The government-wide financial statements report financials for the city, as a whole, similar to a private enterprise, on the accrual basis of accounting. The Statement of Net Assets and Statement of Activities are government-wide statements. The Statement of Net Assets reports total assets and liabilities and changes in those assets. The Statement of Activities reports revenues and expenses by showing how assets have changed according to the various functions of the city. The assets and activities are divided between governmental activities and business-type activities, commonly known as Enterprise funds, when reporting on the Governmental fund and modified accrual basis of accounting. Proprietary fund information reinforces the business-type information presented in the government-wide statements. Conversely, information as summarized above for the governmental funds supplements information not provided in the government-wide statements.

In the Statement of Activities, revenues are presented by programs—service charges, grants, contributions—and expenses by function. Functions distinguish between expenses that are supported by user fees and other revenue and those supported by taxes and intergovernmental sources. A synopsis of government-wide activities is presented in the summary and tables below.

- On a government-wide basis for governmental activities, the City had expenses net of program revenue of \$11.4 million. General revenues and transfers totaled \$15.1 million, resulting in an increase in net assets of \$3.6 million.
- As of September 30, 2008, the City's governmental activities reported combined ending net asset balances of \$28.9 million, an increase of \$4.3 million in net assets compared to prior year. Restricted amounts of the net asset balance were \$2.3 million for federal programs, debt service, and capital projects.
- The City's total net assets on a government-wide basis totaled \$87.4 million, of which \$28.9 million was from governmental activities and \$58.5 million was from business-type activities at September 30, 2008.
- Government-wide revenue totaled \$41.3 million, of which \$26.2 million was program revenue (an increase of \$911,868 overall from the prior year). Expenditures were \$15.1 million for governmental and \$22.5 million for business-type activities for a total of \$37.6 million.

Summary Statement of Activities

	Government Activities		Business-Type Activities		Total Primary Government Comparative	
	FY2007-08	FY2006-07	FY2007-08	FY2006-07	FY2007-08	FY2006-07
Program Revenues:						
Charges for Services	\$ 1,677,845	\$ 1,636,695	\$ 23,398,372	\$ 22,168,972	\$ 25,076,217	\$ 23,805,667
Grants and Contributions	734,012	1,093,778	358,290	357,206	1,092,302	1,450,984
Total Program Revenues	2,411,857	2,730,473	23,756,662	22,526,178	26,168,519	25,256,651
General Revenues						
Property Taxes	4,512,407	4,222,399	-	-	4,512,407	4,222,399
Sales Taxes	6,072,299	5,902,325	-	-	6,072,299	5,902,325
Franchise Taxes	2,204,367	2,157,839	-	-	2,204,367	2,157,839
Other Taxes	672,527	581,957	-	-	672,527	581,957
Investment Earnings	443,065	571,588	683,014	1,074,767	1,126,079	1,646,355
Other	495,382	445,494	257	-	495,638	445,494
Total General Revenues	14,400,047	13,881,602	683,271	1,074,767	15,083,318	14,956,369
Total Revenues	16,811,904	16,612,075	24,439,933	23,600,945	41,251,837	40,213,020
Primary Government Expenses:						
Charter Offices	252,387	355,117	-	-	252,387	355,117
Administrative Services	1,039,121	927,606	-	-	1,039,121	927,606
Finance	578,053	514,249	-	-	578,053	514,249
Public Works	3,671,852	4,390,108	-	-	3,671,852	4,390,108
Community Services	2,878,653	2,840,771	-	-	2,878,653	2,840,771
Public Safety	5,884,539	5,261,792	-	-	5,884,539	5,261,792
Interest on Long-Term Debt	790,282	823,536	-	-	790,282	823,536
Water Production and Distribution			9,838,924	9,418,778	9,838,924	9,418,778
Wastewater Distribution			8,186,346	6,865,550	8,186,346	6,865,550
Solid Waste			4,364,518	3,653,569	4,364,518	3,653,569
Oakwood Cemetery Operating			122,322	104,349	122,322	104,349
Total Primary Government Expenses	15,094,887	15,113,179	22,512,110	20,042,246	37,606,997	35,155,425
Excess (deficiency) Before Transfers	1,717,019	1,498,896	1,927,823	3,558,699	3,464,860	5,057,595
Transfers	2,561,493	(490,458)	(2,561,493)	-	-	(3,495,255)
Changes in Net Assets	4,278,510	1,989,352	(633,670)	3,068,241	3,644,860	5,057,595
Net Assets - Beginning	24,636,356	23,461,367	59,101,610	56,033,367	83,737,966	79,494,734
Prior Period Capital Asset Adjustment	-	(814,366)	-	-	-	(814,366)
Net Assets - Ending	\$28,914,866	\$24,469,805	\$58,467,940	\$59,592,066	\$87,382,826	\$81,057,074

Summary Statement of Net Assets

(in thousands rounded)

	Government Activities		Business-Type Activities		Total Primary Government	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Current and other assets	\$16,873	\$ 13,372	\$22,222	\$ 24,431	\$39,095	\$ 37,639
Capital assets	<u>33,281</u>	<u>33,005</u>	<u>66,467</u>	<u>64,368</u>	<u>99,748</u>	<u>97,538</u>
Total assets	<u>\$50,154</u>	<u>\$ 46,377</u>	<u>\$88,689</u>	<u>\$ 88,799</u>	<u>\$138,843</u>	<u>\$ 135,177</u>
Long-term liabilities	\$ 19,471	\$ 20,285	\$27,780	\$ 28,080	\$47,251	\$ 48,365
Other liabilities	<u>1,768</u>	<u>1,456</u>	<u>2,441</u>	<u>1,618</u>	<u>4,209</u>	<u>3,074</u>
Total liabilities	<u>\$21,239</u>	<u>\$ 21,741</u>	<u>\$ 30,221</u>	<u>\$ 29,698</u>	<u>\$51,460</u>	<u>\$ 51,439</u>
Net assets:						
Invested in capital assets, net of related debt	\$14,999	\$ 15,134	\$32,580	\$ 30,373	\$ 47,579	\$ 45,508
Restricted	2,271	1,367	-	-	2,271	1,367
Unrestricted	<u>11,645</u>	<u>8,135</u>	<u>25,888</u>	<u>28,728</u>	<u>37,533</u>	<u>36,863</u>
Total net assets	<u>\$28,915</u>	<u>\$ 24,636</u>	<u>\$58,468</u>	<u>\$ 59,102</u>	<u>\$87,383</u>	<u>\$ 83,738</u>

Government-Wide Net Assets

- Net assets of the governmental funds are \$28.9 million.
- The City's unrestricted net assets for governmental activities, which can be used to finance day to day operations, totaled \$11.6 million.
- Restricted net assets for governmental activities are fund balances that are earmarked for particular purposes, such as debt service or capital projects. The balance of the funds was \$2.3 million, an increase of \$904,072 from the prior year.
- Net assets of business-type funds totaled \$58.5 million, representing an investment in capital improvements and assets of \$32.6 million. Total assets decreased \$109,892 while capital assets increased 2.0 million.
- The prior year period capital adjustment of \$12,048,563 represented asset value related to the inclusion of infrastructure (streets and bridges) to governmental assets in accordance with Government Accounting Standards board in accordance pronouncement number 34. With a prior period adjustment for accumulated depreciation, the overall prior period adjustment was (\$814,366). An adjustment for infrastructure (streets, bridges) was made in Fiscal year 2006-07. An accumulated depreciation adjustment was made of (\$814,366) was made in fiscal year 2007-08.

The government's overall financial health has improved with increases in net assets of both governmental and business-type activities.

Government-wide revenues

Total government-wide revenue on the statement of net assets is summarized below:

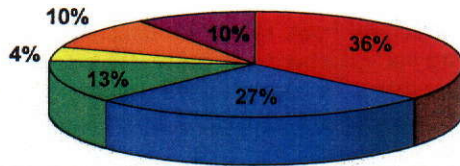
Service Charges	\$ 25,076,217
Grants and Contributions	<u>1,092,302</u>
Program Revenues	26,168,519
General Revenue	<u>15,083,318</u>
Total Revenue	<u>\$ 41,251,837</u>

- General property taxes totaled \$4.5 million. Included in these taxes are real and personal property levies which are assessed October 1 and payable on or before the following January 31.
- Sales tax totaled \$6.1 million for fiscal year 2008, representing 14.7% of the government wide total.
- Franchise taxes totaled \$2.2 million for fiscal year 2008 which funded street improvements. Revenue was the same as in the prior year.
- Other taxes, which include hotel/motel taxes and liquor taxes, totaled \$672,527 or an increase of \$90,570.

Program revenues are derived from the program itself and reduce the cost of the function to the City. Total program revenues for both governmental and business-type activities are described below.

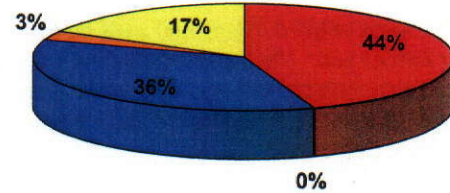
- **Governmental activities program revenue** was \$2.41 million. About 70% of these revenues are reported in the category "Charges for Services", which primarily represent receipts from development and building inspection fees, parks fees, fire services, and court fines. This compares to 60% of revenue for the previous year, 75% two years prior, and 50% three years ago. Other governmental program revenues include operating grants for parks, fire, and police programs, and public works.
- **Business-type activities program revenues** totaled \$22.5 million (excludes Internal Service Funds). The most significant of these revenues is reported in the category "Charges for Services", which represent receipts from utility customers for water, sewer, and sanitation use.

**Revenues - Governmental Activities
Fiscal Year 2008
(excludes transfers)**



■ Sales Tax - 36%	■ Property Tax - 27%
■ Franchise Tax - 13%	■ Grants/Contributions - 4%
■ Charges for Services - 10%	■ Other - 10%

**Revenues - Business-Type Activities
Fiscal Year 2008
(excludes transfers)**

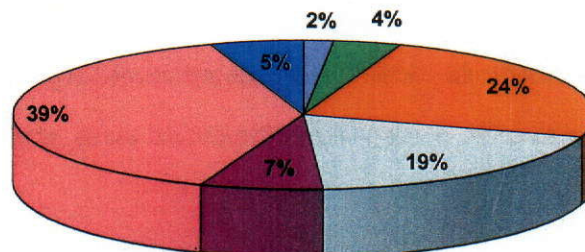


■ Water - 44%	■ Cemetery - less than 1%
■ Wastewater - 36%	■ Other - 3%
■ Solid Waste - 17%	

EXPENSES

- **Expenses for governmental activities** totaled \$15.3 million, primarily from salaries to provide services in the public safety and public works areas, as well as for public library, recreation programs, and administration. This represents an increase of only \$200,000.
- **Expenses for business-type activities** which provided water (47%), sewer and storm water drainage (34%), and solid waste service (10%) totaled \$22.5 million which represents an increase of \$2.5 million from the prior year. (\$1.1 million two years prior)

**Primary Government Functional Expenses for Governmental Activities
Fiscal Year 2008**



■ Charter Offices - 2%	■ Finance - 4%	■ Public Works - 24%
■ Community Services - 19%	■ Administrative Services - 7%	■ Public Safety - 39%
■ Interest on Long-Term Debt - 5%		

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

For the fiscal year ended September 30, 2008, the City's governmental funds reflect a combined fund balance of \$12.9 million. (Refer to the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.) The governmental funds net increase in fund balance is \$2.7 million, compared to an increase of \$1.4 million the prior year. General Fund revenues exceeded expenditures by \$2 million. Operating transfers decreased fund balance by a net (\$357,533). The Street governmental fund decreased \$93,664, with a net deficiency of revenues to expenditures of (\$535,626) and net transfers in of \$441,962. Street fund operating deficiency before transfer increased from about \$237,000 last year to \$536,000.

Fund balance of non-major Special Revenue funds increased \$85,496, while Capital Project Fund increased its fund balance by \$888,455. The Hotel/Motel Fund increased fund balance by \$173,350. The Arts Center's ending fund balance was \$82,112 composed of expenditures over revenues of (\$105,143) and transfers of \$60,699. Hotel/motel tax contributed revenue of \$87,546.

Fund balances retained at year end were 56% of actual expenditures for the General Fund, 14% for the Debt Fund, and 45% for the Street Fund. The percentage for the General Fund excludes amounts not budgeted due to policy related to inventory, compensating balance, and cash flow needs. The debt fund percentage represents an increase of 8% following a decline of 9% last year. A substantial payment on a delinquent account added revenue contributing to the increases in fund balance in the General and Debt Funds.

CAPITAL ASSETS

The City's governmental activities (including a percentage of internal service activities) had invested \$72.8 million in a variety of capital assets and infrastructure. The City has \$80.2 million invested in its business-type activities.

The current FY 2007-08 marks a year of full inclusion of all infrastructure under Government Accounting Standard Board (GASB) promulgation 34 requiring the accounting and depreciation of infrastructure. Infrastructure includes streets, bridges, street lights, and sidewalks. The City recorded infrastructure of \$33.5 million as a governmental activity for prior years and there were no additions this year. Accumulated depreciation was \$39.5 million for infrastructure in the governmental funds.

Governmental activities for the year included a net increase of \$2.4 million of equipment.

The City records infrastructure for Enterprise activities in the Water, Wastewater, Solid Waste, and Cemetery funds. Infrastructure has been recorded in these funds for prior years and includes water, drainage, and sewer lines and related assets, and other plant and equipment related to water and wastewater services. The City water plant and distribution facilities are recorded in the Water Fund.

Total business type assets were \$80.2 million with accumulated depreciation of \$30.9 million. Additions to the Utility system included a sewer project at \$4.4 million.

Vehicles and heavy machinery are recorded in the Internal Service funds and included as governmental fund activity.

Details are reflected in the following schedule, including Internal Service fund assets, which are allocated to governmental activities.

**Governmental Activities
Change in Capital Assets
(in thousands)**

	Balance 10/01/07	Additions	Retirements & Transfers	Balance 9/30/08
<i>Non-depreciable Assets:</i>				
Land	\$ 1,808	\$ -	\$ -	\$ 1,808
Construction in Progress	22	224	(41)	205
Total Non-depreciable Assets	<u>1,830</u>	<u>224</u>	<u>(41)</u>	<u>2,013</u>
<i>Other Capital Assets:</i>				
Buildings	8,024	-	-	8,024
Equipment	15,010	3,163	(718)	17,455
Improvements	11,786	42	-	11,828
Infrastructure (A)	33,458	-	-	33,458
Total Assets Being Depreciated	<u>68,278</u>	<u>3,205</u>	<u>(718)</u>	<u>70,765</u>
<i>Less accumulated depreciation</i>	<u>(37,104)</u>	<u>(3,060)</u>	<u>666</u>	<u>(39,498)</u>
Total Net Assets – Governmental Being Depreciated	<u>31,174</u>	<u>145</u>	<u>(52)</u>	<u>31,267</u>
Total Assets- Governmental	<u>\$ 33,004</u>	<u>\$ 369</u>	<u>\$ (93)</u>	<u>\$ 33,280</u>

**Business-Type Activities
Change in Capital Assets
(in thousands)**

	Balance 10-01-07	Additions	Retirements & Transfers	Balance 9/30/08
<i>Non-depreciable Assets:</i>				
Land	\$ 782	\$ -	\$ -	\$ 782
Construction in Progress	6,212	4,754	(4,136)	6,830
Total Non-depreciable Assets	<u>65,994</u>	<u>4,754</u>	<u>(4,136)</u>	<u>7,612</u>
<i>Other Capital Assets:</i>				
Buildings	1,652	-	-	1,652
Equipment	1,045	361	-	1,406
Improvements	399	-	-	399
Utility Systems	64,648	4,443	-	69,091
Total Assets Being Depreciated	<u>67,744</u>	<u>4,804</u>	<u>-</u>	<u>72,548</u>
<i>Less accumulated depreciation</i>	<u>(28,155)</u>	<u>(2,715)</u>	<u>-</u>	<u>(30,870)</u>
Total Net Assets Being Depreciated	<u>\$ 39,589</u>	<u>\$ 2,089</u>	<u>\$ -</u>	<u>\$ 41,678</u>
Total Net Assets – Business Type Activities Capital Assets	<u>\$ 46,583</u>	<u>\$ 6,843</u>	<u>\$ (4,136)</u>	<u>\$ 49,290</u>

ENTERPRISE FUNDS

Water and Wastewater Funds

The Water and Wastewater Funds comprise major sources of revenue. A summary of revenue, net income, and income available for debt service and bond coverage is presented below.

Debt for the Water and Wastewater Funds totals \$27,360,000. This includes contract debt paid by the City and billed to The Trinity River Authority of Texas by contract (refer to footnote F – Long-Term Obligations).

Comparative data for the Water and Wastewater Fund is as follows:

	2007-08	2006-07	2005-06	2004-05	2003-04
Revenues	\$ 19,597,124	\$ 18,655,458	\$ 18,592,889	\$ 19,332,134	\$ 17,377,442
Net Operating Income	3,063,821	3,868,782	4,851,146	6,073,360	4,568,680
Income Available for Debt Service	6,814,296	5,639,580	6,637,940	8,336,491	6,474,692
Annual Debt Requirements	3,698,633	3,531,392	4,431,734	4,554,148	4,664,567
Bond Coverage	1.84	1.60	1.76	1.83	1.39

Revenues from Water and Wastewater increased 12.8% (2.6% per year) from FY 2003-04 to FY 2007-08. The table shows that revenues were volatile during the period. For Fiscal year 2007-08 revenue increased \$941,666; net operating income decreased \$804,961 the same period with increased depreciation costs in wastewater.

Water & Wastewater Fund Debt

In 1976, the City of Huntsville entered into a contract with the Trinity River Authority of Texas (TRA) to purchase raw water impounded in the Livingston Reservoir. A contract was also signed for the operation of a water treatment plant for the raw water. Pursuant to these agreements, the City has endorsed contract revenue bonds through TRA and is unconditionally obligated to pay, from the gross operating revenues of the City, all debt service payments on these bonds, all operation and maintenance expenses of the facilities the bonds were used to build, and amounts necessary to restore any deficiencies in funds required to be accumulated under the bond resolutions.

The contract with TRA is effective until the year 2020. In 1998, the contracts were amended to increase the raw water purchases by 6 million gallons per day (MGD), to a total of 16 MGD. The City and TRA provide Tenaska, a power plant in Grimes County, up to 7 MGD. Major improvements were made to the Huntsville Regional Water Supply System (HRWSS) to provide the system resources necessary to supply the additional water to Tenaska and to increase the production/treatment capabilities to the system for future use by the City of Huntsville. In FY 2006-07, the contract was again amended to allow for additional water supply through 2020, up to 20 MGD. The additional payments equal the amount of previous contracts began during the current year.

Contract debt with the TRA includes a debt issue of \$3,905,000 issued in 1996 to provide water to the TDCJ Ellis and Estelle Units and the TDCJ Medical Facility. Delivery of water to these units required construction of pumping, metering, and pipeline facilities. TDCJ pays a monthly minimum service charge equal to the amount necessary to amortize the debt and purchase water from the City at the rate of \$2.35/1000 gallons. In 1997, the City issued \$3,120,000 in debt through TRA for improvements to the water treatment plant, including adding an additional clarifier, modifying two existing clarifiers, and modifying existing filters. In early 1999, the City issued contract debt in the amount of \$9.26 million that was used for expansion of the water treatment plant to serve Tenaska. In 2003, contract revenue bonds of \$3,125,000 were issued. Debt service is paid through contracts providing water to a private vendor.

Revenue bond covenants require that net revenues of the Water and Wastewater Funds equal at least one and one-fourth times the average annual requirements for the payment of principal and interest on the bonds. The City meets this requirement. Both principal and interest on the TRA surface water treatment plant debt, TRA water debt, and TRA wastewater debt is considered an operating expense. Refer to pages 54 of the footnotes for detail on Water and Wastewater debt.

Enterprise Debt Summary:

A summary of debt by type as of September 30, 2008 follows:

	REVENUE BONDS	CONTRACT DEBT	Portion of 2004 Refunding Issue	TOTAL
Water Fund	\$ 1,815,000	\$ 10,735,000	\$ -	\$ 12,550,000
Wastewater Fund	13,080,000	1,730,000	-	14,810,000
Solid Waste	-	-	85,000	85,000
TOTAL	\$ 14,895,000	\$ 12,465,000	\$ 85,000	\$ 27,445,000

Future Outlook – Water and Wastewater Fund

City staff began preliminary discussions with TRA in 2001 to expand the treatment capacity of the surface water plant by eight million gallons per day and to upgrade the filter system. A study was performed in 2002 and updated in 2005 to assess plant capacity. The City is researching various operations related to overall city needs, including whether to upgrade facilities while attending to deferred maintenance, or whether the plant requires expansion or additional equipment.

A large percentage of the water consumption is by State institutions. Infrastructure is in place to serve future expansion for State facilities. The City is fortunate to have ample water supply to provide service to these areas. The water well system has also been well maintained and is available to supply water to potential customers. The City has access to a sufficient water supply to meet the needs of the City for many years into the future. The contract with TRA provided for the City to pay \$0.0283 per 1,000 gallons per day for the rights to 10 million gallons per day. Future purchases of water rights could cost as much as \$0.30 per 1,000 gallons. Consequently, in October 2006, approval was obtained for the purchase of an additional 10 million gallons in water rights at the current rate of \$0.0283 per day.

The 77th Legislature passed H.B. 3655 which created the Bluebonnet Groundwater Conservation District (the "District"). The District covers Anderson, Grimes, and Walker counties. The District assesses fees for its operations on groundwater producers in excess of 10 million gallons annually. The District assesses a 3.5 cent per thousand gallons fee. Huntsville pays approximately \$26,000 per year to the District for its groundwater pumpage.

Solid Waste Fund

The Solid Waste Fund is an Enterprise Fund which provides for the collection and disposal of solid waste, in accordance with standards established by the Texas Commission on Environmental Quality, the United States Environmental Protection Agency, and City ordinances. This fund accounts for the cost of providing this service with user fees as the source of income. The City operates the only solid waste disposal facility in Walker County. A program to recycle white goods, tires, metals, yard waste, wood pallets, oil and oil filters has been in the operation at the solid waste disposal facility since March 1990.

In 1993, the City issued \$1,600,000 in certificates of obligation (CO's) to finance the closing of the City landfill, the construction of a transfer station, the purchase of equipment for use in transferring the waste, and the related engineering costs of the change. The certificates were refunded in FY 2004. Solid waste's share of the refunding issue at September 30, 2007 is \$188,108, which is the total outstanding debt for the Solid Waste Fund.

The primary sources of revenue are charges to customers for collection and disposal services. In addition to residential collection services, the City operates a commercial container collection system. Rates for commercial containers are based on the size of the containers and the number of pick-ups per month.

Comparative analytical data is presented below for the Solid Waste Fund:

	2007-08	2006-07	2005-06	2004-05	2003-04
Net Operating Income (loss)*	\$ (206,940)	\$ 194,567	\$ 255,146	\$ 232,549	\$ 362,950
Working Capital	1,296,925	1,653,411	1,466,265	1,217,008	1,225,756
Net Assets-Unreserved	1,301,254	1,559,530	1,454,978	1,169,554	1,371,366

*Before operating transfers

Working capital decreased \$356,483 from the prior year and unreserved net assets decreased \$258,276. Decreases were due to unanticipated transition costs and a rise in gas prices during the summer.

Future Outlook – Solid Waste

For the upcoming FY2007-08 rates were slightly increased for the first time since FY2001-02. In FY2007-08 the City implemented a new, automated system of residential collection to replace the current manual system. Implementation continued into the subsequent fiscal year.

The City will continue to look at waste minimization through composting, recycling, and other methods of solid waste reduction to make disposal as efficient as possible. A recycling pilot program is planned in 2009. The City actively researches new disposal methods and seeks commercial customers providing additional income. In 2006 the City contracted with the Texas Parks and Wildlife for collection service at Huntsville State Park near the city limits.

INTERNAL SERVICE FUNDS

Internal Service Funds (ISF) are used to charge other City funds for services they provide within the organization. The City uses Internal Service Funds in two primary ways: (1) to accumulate funds for the replacement of equipment; and (2) to account for the cost of providing service to other user departments. The City has the following Internal Service Funds: Medical Insurance, Equipment Replacement, and Computer Equipment Replacement.

Equipment Replacement Funds

The Equipment Replacement Fund provides fleet and rolling stock equipment for the City. The Computer Equipment Replacement Fund provides computer equipment and software for the City. The funds receive lease charges from user divisions based on the economic life of the equipment and vehicles. The funds then used to purchase replacement equipment as scheduled and/or as conditions warrant. User divisions are charged an annual lease fee, based on the useful life and anticipated replacement cost for assets assigned to the division. The replacement schedules are reviewed annually, as part of the budget process. The revenues are transferred from user division budgets to ensure that sufficient funds are available to fund expenses. A lease charge is assessed the following year of a new purchase to fund replacement of the equipment in future years. The new items are accounted for as assets in the equipment replacement funds. Initial funding for additional equipment is budgeted in the user divisions. The equipment is purchased and accounted for in the equipment replacement internal service funds. The Capital Equipment and Computer Replacement Funds had total net assets of \$3,678,926 and \$876,731, respectively, at year end for a total of \$4,555,657.

Medical Insurance Fund

In accordance with the Government Accounting Standard Board (GASB) Statement 10, the City classifies its Medical Insurance Fund as an Internal Service Fund. The City has been self-funded for medical insurance since 1985, and during the budget process each year has reviewed funding requirements, fund equity, and plan provisions. This fund is used to account for the accumulation of resources for medical, dental, and selected benefit coverage for employees and dependents. The employees, at their option, may elect to purchase dependent coverage at their expense. Fund equity on September 30, 2008 was \$1,055,097. Rates have been increased to cover increasing costs and to provide sufficient reserves. Employees' contributions began in FY 2006. Aggregate liabilities were \$249,260 at year end. In preparation for implementation of Government Accounting and Standards Board (GASB) Statement 45, the City contracted for an independent actuarial study to assess liability related to funding retirees' insurance. Future annual reports will reflect liabilities pursuant to the study and City policies.

**Internal Service Fund Activity
as of September 30, 2008
(in thousands)**

	Medical Insurance Fund	Equipment Replacement Fund	Computer Replacement Fund	Total
Revenues, Interest & Transfers	\$ 3,528,660	\$ 2,287,589	\$ 365,934	\$ 6,182,183
Operating Expenses	<u>(2,709,575)</u>	<u>(1,063,477)</u>	<u>(200,506)</u>	<u>(3,973,558)</u>
Change in Net Assets	819,085	1,224,112	165,428	2,208,625
Net Assets – Beginning	<u>236,012</u>	<u>2,454,814</u>	<u>711,303</u>	<u>3,402,129</u>
Net Assets - Ending	<u><u>\$ 1,055,097</u></u>	<u><u>\$ 3,678,926</u></u>	<u><u>\$ 876,731</u></u>	<u><u>\$ 5,610,754</u></u>

Cash flows from Capital and Related Financing Activities:

Principal and Interest Paid	\$ -	\$ (611,278)	\$ (213,798)	\$ (307,823)
Proceeds from Capital Lease	-	986,353	-	986,353
Acquisition of Assets	-	(2,466,583)	(93,810)	(2,560,393)
Proceeds from Sales	-	178,865	-	-
Cash Used for Capital	-	(1,912,643)	(307,608)	(2,220,251)

RETIREMENT PLAN

On October 1, 1989, the City became a member of the Texas Municipal Retirement System. The City of Huntsville is not part of the Federal Social Security System. Note "I" to the Financial Statements (Pension Plan) gives a detailed overview of the plan, the City's contributions, and the contingent liability. Annual pension costs were \$1,874,126, increasing \$63,251.

FUND BALANCES AND FUND EQUITY

The City continues the policy that all fund balances maintain sufficient reserve to meet cash flow requirements and to fund emergency needs. The city's balances are adequate for these needs. It is the policy of the City to generate the required funds for current year operating expenses (excluding depreciation) in the Enterprise funds. Funds available from the prior year less appropriate amounts for cash flow and emergencies may be used for capital purchases or transferred to the Capital Projects Fund. Fund balances and unallocated funds are reviewed each year.

The General Fund balance increased \$1.7 million, with \$2 million in revenues over expenditures. Revenues exceeded budget, and expenditures were substantially under budget. Sales tax revenue was \$422,000 over projections. Sales tax revenues have risen at a steady pace for the past two years with growth in the local university and apartment building. Other savings were attributed to less spending in Public Safety and budget management of overtime in all departments during a management transition.

The Debt Service Fund balance increased \$131,362 with the payment of a large delinquent past due account.

The Street Fund balance decreased \$93,665 with increased spending in operations, and budgeted franchise revenue an increased fee did not materialize due to contract negotiations. Other governmental funds experienced fund balance increases for a combination of \$1,109,788 with expenditures for capital projects and the inclusion of Capital Project Funds in this group.

The Water Fund posted an asset equity increase of \$318,474 and Wastewater a decrease of (\$532,768). Revenues increased, but a substantial increase in operating expenses and depreciation were experienced. Water revenue increased \$700,798 following a decrease of \$226,898 the prior year while wastewater revenue increased \$240,860 vs. \$289,467 the prior year. Revenues for the Water Fund reflect volatility related to the weather.

The Solid Waste enterprise fund posted an asset equity decrease of \$279,190. Revenue increased \$95,791 from the prior year due to increases in commercial and other disposal fees. Residential revenue remained flat. Operating income decreased \$206,940 due to increased gas prices and the implementation of the new automated waste system requiring the need for contract workers during the transition.

Basic Financial Statements

CITY OF HUNTSVILLE, TEXAS

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2008

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 14,915,419	\$ 12,668,431	\$ 27,583,850
Prepaid expenses	97,126	--	97,126
Accounts receivable:			
Receivables (net of allowances for uncollectibles)	365,130	1,801,060	2,166,190
Sales tax	437,229	--	437,229
Property taxes	210,785	--	210,785
Grants	32,983	298,841	331,824
Other	101,138	213	101,351
Fines and Fees (net)	278,913	--	278,913
Internal balances	68,596	(68,596)	--
Due from other governments	28,869	--	28,869
Inventories	171,970	102,238	274,208
Restricted assets:			
Cash and cash equivalents	--	7,420,287	7,420,287
Investment in joint venture	--	16,827,340	16,827,340
Deferred charges - bond issuance costs	164,896	349,412	514,308
Capital assets not being depreciated	2,012,860	7,612,234	9,625,094
Capital assets (net of accumulated depreciation)	31,267,505	41,677,806	72,945,311
Total Assets	50,153,419	88,689,266	138,842,685
LIABILITIES:			
Accounts payable	1,116,058	1,265,279	2,381,337
Accrued interest	109,066	33,628	142,694
Liabilities payable from restricted assets:			
Customer deposits	--	795,774	795,774
Accrued interest	--	175,703	175,703
Accrued liabilities	314,237	144,542	458,779
Due to other governments	194,939	26,440	221,379
Due to others	33,218	--	33,218
Noncurrent Liabilities-			
Due within one year	1,603,180	2,508,838	4,112,018
Due in more than one year	17,867,855	25,271,122	43,138,977
Total Liabilities	21,238,553	30,221,326	51,459,879
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	14,999,012	32,580,040	47,579,052
Restricted For:			
Debt Service	317,286	--	317,286
Capital Projects	1,953,751	--	1,953,751
Unrestricted	11,644,817	25,887,900	37,532,717
Total Net Assets	\$ 28,914,866	\$ 58,467,940	\$ 87,382,806

The accompanying notes are an integral part of this statement.

CITY OF HUNTSVILLE, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental Activities:				
Charter offices	\$ 252,387	\$ --	\$ --	\$ --
Administrative services	1,039,121	--	--	--
Finance	578,053	869,337	--	--
Public works	3,671,852	397,595	165,534	--
Community services	2,878,653	156,246	230,394	25,000
Public safety	5,884,539	254,667	313,084	--
Interest on Long-term Debt	790,282	--	--	--
Total Governmental Activities	15,094,887	1,677,845	709,012	25,000
Business-type Activities:				
Water	9,838,924	10,777,639	102,466	--
Wastewater	8,186,346	8,471,967	245,033	--
Solid Waste	4,364,518	4,136,836	10,641	--
Oakwood Cemetery - Operating	122,322	11,930	150	--
Total Business-type Activities	22,512,110	23,398,372	358,290	--
Total Primary Government	\$ 37,606,997	\$ 25,076,217	\$ 1,067,302	\$ 25,000

General Revenues:

Property Taxes

Sales Taxes

Franchise Taxes

Other Taxes

Unrestricted Investment Earnings

Other

Transfers In

Transfers Out

Total General Revenues

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (252,387)		\$ (252,387)
(1,039,121)		(1,039,121)
291,284		291,284
(3,108,723)		(3,108,723)
(2,467,013)		(2,467,013)
(5,316,788)		(5,316,788)
(790,282)		(790,282)
<u>(12,683,030)</u>		<u>(12,683,030)</u>
--	\$ 1,041,181	1,041,181
--	530,654	530,654
--	(217,041)	(217,041)
--	(110,242)	(110,242)
--	<u>1,244,552</u>	<u>1,244,552</u>
<u>(12,683,030)</u>	<u>1,244,552</u>	<u>(11,438,478)</u>
4,512,407	--	4,512,407
6,072,299	--	6,072,299
2,204,367	--	2,204,367
672,527	--	672,527
443,065	683,014	1,126,079
495,382	257	495,639
2,924,903	570,352	3,495,255
(363,410)	(3,131,845)	(3,495,255)
<u>16,961,540</u>	<u>(1,878,222)</u>	<u>15,083,318</u>
<u>4,278,510</u>	<u>(633,670)</u>	<u>3,644,840</u>
24,636,356	59,101,610	83,737,966
<u>\$ 28,914,866</u>	<u>\$ 58,467,940</u>	<u>\$ 87,382,806</u>

CITY OF HUNTSVILLE, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008

	General Fund	Street	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	\$ 7,743,142	\$ 1,284,134	\$ 3,811,173	\$ 12,838,449
Prepaid expenses	48,058	--	--	48,058
Accounts receivable:				
Receivables (net of allowances for uncollectibles)	64,205	89,606	26,825	180,636
Sales tax	437,229	--	--	437,229
Property taxes	119,359	--	91,426	210,785
Grants	20,108	--	12,874	32,982
Other	48,559	--	52,579	101,138
Due from other funds	139,661	6,931	41,569	188,161
Due from other governments	28,869	--	--	28,869
Inventories	106,642	36,101	29,227	171,970
Total Assets	\$ 8,755,832	\$ 1,416,772	\$ 4,065,673	\$ 14,238,277
LIABILITIES:				
Accounts payable	\$ 276,588	\$ 160,356	\$ 21,576	\$ 458,520
Deferred revenue	119,359	--	91,426	210,785
Accrued liabilities	246,443	45,945	21,849	314,237
Due to other funds	54,585	16,697	48,282	119,564
Due to other governments	61,068	--	133,871	194,939
Due to others	32,903	--	315	33,218
Total Liabilities	790,946	222,998	317,319	1,331,263
FUND BALANCES:				
Reserved for inventory	106,642	36,101	29,227	171,970
Reserved for debt service	--	--	225,860	225,860
Unreserved, reported in:				
General Fund	7,858,244	--	--	7,858,244
Special revenue funds	--	1,157,673	1,080,822	2,238,495
Capital projects funds	--	--	1,953,751	1,953,751
Permanent funds	--	--	458,694	458,694
Total Fund Balances	7,964,886	1,193,774	3,748,354	12,907,014
Total Liabilities and Fund Balance	\$ 8,755,832	\$ 1,416,772	\$ 4,065,673	\$ 14,238,277

The accompanying notes are an integral part of this statement.

CITY OF HUNTSVILLE, TEXAS

*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008*

Total fund balances - governmental funds balance sheet \$ 12,907,014

Amounts reported for governmental activities in the statement of net assets
("SNA") are different because:

Capital assets used in governmental activities are not reported in the funds.	28,321,076
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	210,785
The assets and liabilities of internal service funds are included in governmental activities in the SNA.	5,610,754
Payables for bond principal which are not due in the current period are not reported in the funds.	(3,755,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(93,889)
Payables for notes which are not due in the current period are not reported in the funds.	(13,540,000)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(1,189,682)
Other long-term assets are not available to pay for current-period expenditures and are not reported in the funds.	164,896
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.	278,912

Net assets of governmental activities - statement of net assets \$ 28,914,866

The accompanying notes are an integral part of this statement.

CITY OF HUNTSVILLE, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	General Fund	Street	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Property taxes	\$ 2,745,391	\$ --	\$ 1,980,317	\$ 4,725,708
Sales tax	6,072,299	--	--	6,072,299
Franchise fees	--	2,204,367	--	2,204,367
Other taxes	79,918	--	592,609	672,527
Licenses and permits	313,952	--	--	313,952
Charges for sales and services	273,990	53,172	282,125	609,287
Fines, fees, and forfeitures	837,395	--	41,237	878,632
Donations, contributions, and grants	145,063	88,765	239,674	473,502
Investment income	276,374	38,975	127,717	443,066
Other	464,864	6,257	33,796	504,917
Administrative cost reimbursement	4,958,864	--	--	4,958,864
Total Revenues	16,168,110	2,391,536	3,297,475	21,857,121
EXPENDITURES:				
Charter office	972,581	--	--	972,581
Administrative services	2,886,470	--	--	2,886,470
Finance	1,139,760	--	71,517	1,211,277
Public works	1,720,085	2,927,162	30,490	4,677,737
Community services	1,891,319	--	818,900	2,710,219
Public safety	5,355,390	--	490,652	5,846,042
Debt Service:				
Principal retirement	130,000	--	846,916	976,916
Interest and fiscal charges	23,443	--	771,922	795,365
Total Expenditures	14,119,048	2,927,162	3,030,397	20,076,607
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,049,062	(535,626)	267,078	1,780,514
OTHER FINANCING SOURCES (USES)				
Transfers in	1,141,677	521,242	1,261,984	2,924,903
Transfers out	(1,499,210)	(79,280)	(419,274)	(1,997,764)
Total other financing sources (uses)	(357,533)	441,962	842,710	927,139
NET CHANGE IN FUND BALANCES	1,691,529	(93,664)	1,109,788	2,707,653
FUND BALANCE, Beginning of period	6,273,357	1,287,438	2,638,566	10,199,361
FUND BALANCE, End of period	\$ 7,964,886	\$ 1,193,774	\$ 3,748,354	\$ 12,907,014

The accompanying notes are an integral part of this statement.

CITY OF HUNTSVILLE, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Net change in fund balances - total governmental funds	\$ 2,707,653
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	425,197
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,932,707)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(213,301)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	416,916
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	560,000
(Increase) decrease in accrued interest from beginning of period to end of period	5,083
The net revenue (expense) of internal service funds is reported with governmental activities.	2,208,625
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(25,904)
Uncollected court fines are not recorded as revenue in the funds.	126,948
Change in net assets of governmental activities - statement of activities	\$ <u>4,278,510</u>

The accompanying notes are an integral part of this statement.

CITY OF HUNTSVILLE, TEXAS

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

SEPTEMBER 30, 2008

	Enterprise Fund	Enterprise Fund
	Water Fund	Wastewater Fund
ASSETS:		
Current Assets:		
Cash and cash equivalents	\$ 6,538,614	\$ 4,343,880
Prepaid expenses	--	--
Accounts receivable:		
Receivables (net of allowances for uncollectibles)	887,371	617,364
Grants	73,814	225,027
Other	213	--
Due from other funds	1,493	1,851
Inventories	94,041	8,197
Restricted assets:		
Cash and cash equivalents	2,777,030	4,643,257
Total Current Assets	10,372,576	9,839,576
Noncurrent Assets		
Investment in joint venture	16,827,340	--
Deferred charges - bond issuance costs	56,180	275,882
Capital assets not being depreciated	3,361,710	4,250,524
Capital assets (net of accumulated depreciation)	11,762,742	29,222,005
Total Noncurrent Assets	32,007,972	33,748,411
Total Assets	\$ 42,380,548	\$ 43,587,987
LIABILITIES:		
Current Liabilities:		
Accounts payable	\$ 655,928	\$ 300,115
Accrued interest	33,389	--
Liabilities payable from restricted assets:		
Customer deposits	289,075	271,142
Accrued interest	90,127	85,576
Accrued liabilities	48,876	46,106
Due to other funds	13,536	22,303
Due to other governments	--	8,551
Noncurrent liabilities due within one year	956,223	1,421,197
Total Current Liabilities	2,087,154	2,154,990
Noncurrent Liabilities-		
Due in more than one year	11,710,624	13,457,180
Total Noncurrent Liabilities	11,710,624	13,457,180
Total Liabilities	13,797,778	15,612,170
NET ASSETS:		
Invested in capital assets, net of related debt	13,309,453	18,662,528
Unrestricted	15,273,317	9,313,289
Total Net Assets	28,582,770	27,975,817
Total Liabilities and Net Assets	\$ 42,380,548	\$ 43,587,987

The accompanying notes are an integral part of this statement.

Enterprise Fund	Nonmajor Enterprise Fund		
Solid Waste Fund	Oakwood Cemetery Fund	Total Enterprise Funds	Internal Service Funds
\$ 1,775,868	\$ 10,069	\$ 12,668,431	\$ 2,063,524
--	--	--	49,068
296,325	--	1,801,060	184,494
--	--	298,841	--
--	--	213	--
3,474	2,300	9,118	--
--	--	102,238	--
--	--	7,420,287	--
2,075,667	12,369	22,300,188	2,297,086
--	--	16,827,340	--
17,350	--	349,412	--
--	--	7,612,234	--
693,059	--	41,677,806	4,959,290
710,409	--	66,466,792	4,959,290
\$ 2,786,076	\$ 12,369	\$ 88,766,980	\$ 7,256,376
\$ 308,786	\$ 450	\$ 1,265,279	\$ 644,092
239	--	33,628	15,177
235,557	--	795,774	--
--	--	175,703	--
46,190	3,370	144,542	--
41,038	837	77,714	--
17,889	--	26,440	--
129,040	2,378	2,508,838	194,379
778,739	7,035	5,027,918	853,648
98,024	5,294	25,271,122	791,974
98,024	5,294	25,271,122	791,974
876,763	12,329	30,299,040	1,645,622
608,059	--	32,580,040	3,972,938
1,301,254	40	25,887,900	1,637,816
1,909,313	40	58,467,940	5,610,754
\$ 2,786,076	\$ 12,369	\$ 88,766,980	\$ 7,256,376

CITY OF HUNTSVILLE, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Enterprise Fund	Enterprise Fund
	Water Fund	Wastewater Fund
OPERATING REVENUES:		
Service Charges:		
<i>Water sales</i>	\$ 10,259,587	\$ --
<i>Wastewater sales and services</i>	--	8,275,703
<i>Solid waste fees - residential and commercial</i>	--	--
<i>Solid waste fees - disposal</i>	--	--
<i>Cemetery operations</i>	--	--
<i>Inter-department sales and services</i>	306,410	60,833
Total service charges	10,565,997	8,336,536
Service Fees and Miscellaneous:		
<i>Tap and connection fees</i>	145,034	50,440
<i>Customer penalties and miscellaneous</i>	66,608	85,010
<i>Grants and contributions</i>	102,466	245,033
Total service fees and miscellaneous	314,108	380,483
Total Operating Revenues	10,880,105	8,717,019
OPERATING EXPENSES:		
<i>Administration</i>	2,926,333	2,448,680
<i>Water production and distribution</i>	1,543,826	--
<i>Wastewater collection and treatment</i>	--	2,622,278
<i>Solid waste collection and disposal</i>	--	--
<i>Cemetery operations</i>	--	--
<i>TRA joint venture</i>	3,567,698	--
<i>Utility billing/customer service</i>	565,230	--
<i>Lab/compliance</i>	--	226,705
<i>Equipment replacement</i>	--	--
<i>Depreciation expense</i>	475,258	2,157,295
Total Expenditures	9,078,345	7,454,958
OPERATING INCOME (LOSS)	1,801,760	1,262,061
NONOPERATING REVENUES (EXPENSES):		
<i>Interest income</i>	329,512	291,789
<i>Interest expense</i>	(760,579)	(731,388)
<i>Gain (Loss) on asset disposition</i>	--	--
Total Non-operating Revenues (Expenses)	(431,067)	(439,599)
INCOME (LOSS) BEFORE CONTRIBUTIONS/TRANSFERS	1,370,693	822,462
CONTRIBUTIONS AND TRANSFERS :		
<i>Transfers in</i>	496,621	--
<i>Transfers out</i>	(1,648,840)	(1,355,230)
Total Contributions and Transfers	(1,152,219)	(1,355,230)
CHANGE IN NET ASSETS	218,474	(532,768)
TOTAL NET ASSETS - beginning	28,364,296	28,508,585
TOTAL NET ASSETS - end	\$ 28,582,770	\$ 27,975,817

The accompanying notes are an integral part of this statement.

Enterprise Fund	Nonmajor Enterprise Fund	Total Enterprise Funds	Internal Service Funds
Solid Waste Fund	Oakwood Cemetery Fund		
\$ --	\$ --	\$ 10,259,587	\$ --
--	--	8,275,703	--
3,309,513	--	3,309,513	--
740,398	--	740,398	--
--	11,930	11,930	--
--	--	367,243	4,064,751
<u>4,049,911</u>	<u>11,930</u>	<u>22,964,374</u>	<u>4,064,751</u>
--	--	195,474	--
86,925	238	238,781	46,679
10,641	150	358,290	238,494
<u>97,566</u>	<u>388</u>	<u>792,545</u>	<u>285,173</u>
<u>4,147,477</u>	<u>12,318</u>	<u>23,756,919</u>	<u>4,349,924</u>
1,123,407	--	6,498,420	2,709,575
--	--	1,543,826	--
--	--	2,622,278	--
3,148,925	--	3,148,925	--
--	122,322	122,322	--
--	--	3,567,698	--
--	--	565,230	--
--	--	226,705	--
--	--	--	136,906
82,085	--	2,714,638	1,127,077
<u>4,354,417</u>	<u>122,322</u>	<u>21,010,042</u>	<u>3,973,558</u>
<u>(206,940)</u>	<u>(110,004)</u>	<u>2,746,877</u>	<u>376,366</u>
60,516	1,197	683,014	64,109
(10,101)	--	(1,502,068)	(45,069)
--	--	--	178,865
<u>50,415</u>	<u>1,197</u>	<u>(819,054)</u>	<u>197,905</u>
<u>(156,525)</u>	<u>(108,807)</u>	<u>1,927,823</u>	<u>574,271</u>
--	73,731	570,352	1,634,354
(122,665)	(5,110)	(3,131,845)	--
<u>(122,665)</u>	<u>68,621</u>	<u>(2,561,493)</u>	<u>1,634,354</u>
(279,190)	(40,186)	(633,670)	2,208,625
2,188,503	40,226	59,101,610	3,402,129
<u>\$ 1,909,313</u>	<u>\$ 40</u>	<u>\$ 58,467,940</u>	<u>\$ 5,610,754</u>

CITY OF HUNTSVILLE, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Enterprise Funds			NonMajor
	Water Fund	Waste Water Fund	Solid Waste Fund	Funds
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 10,643,217	\$ 8,489,612	\$ 4,162,147	\$ 12,168
Cash Received from Grants and Contributions	28,652	20,006	10,641	150
Interfund Services Provided and Used	268,012	60,802	--	--
Cash Payments to Employees for Services	(1,403,585)	(1,275,168)	(1,300,100)	(87,789)
Cash Payments to Other Suppliers for Goods and Services	(3,349,258)	(3,836,857)	(2,700,749)	(29,643)
Cash Payments for TRA Joint Venture	(2,978,913)	--	--	--
Net Cash Provided (Used) by Operating Activities	3,208,125	3,458,395	171,939	(105,114)
Cash Flows from Non-capital Financing Activities:				
Transfers From Other Funds	1,335,387	--	--	73,731
Transfers To Funds	(1,648,840)	(1,355,230)	(122,665)	(5,110)
Net Cash Provided (Used) by Non-capital Financing Activities	(313,453)	(1,355,230)	(122,665)	68,621
Cash Flows from Capital and Related Financing Activities:				
Principal and Interest Paid	(1,665,567)	(2,054,186)	(104,541)	--
Proceeds from Capital Leases and Bonds	1,995,000	--	--	--
Acquisition or Construction of Capital Assets	(3,988,701)	(1,346,199)	(86,924)	--
Proceeds for the Disposition of Capital Assets	--	--	--	--
Net Cash Provided (Used) for Capital & Related Financing Activities	(3,659,268)	(3,400,385)	(191,465)	--
Cash Flows from Investing Activities:				
Interest and Dividends on Investments	329,512	291,789	60,516	1,197
Net Cash Provided (Used) for Investing Activities	329,512	291,789	60,516	1,197
Net Increase (Decrease) in Cash and Cash Equivalents	(435,084)	(1,005,431)	(81,675)	(35,296)
Cash and Cash Equivalents at Beginning of Year	9,750,728	9,992,568	1,857,543	45,365
Cash and Cash Equivalents at End of Year	\$ 9,315,644	\$ 8,987,137	\$ 1,775,868	\$ 10,069
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	\$ 1,801,760	\$ 1,262,061	\$ (206,940)	\$ (110,004)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Depreciation/Amortization	475,258	2,157,295	82,085	--
Change in Assets and Liabilities:				
Decrease (Increase) in Prepaid Expenses	--	--	--	--
Decrease (Increase) in Receivables	122,957	28,252	(22,385)	--
Decrease (Increase) in Inventories	6,024	2,022	--	--
Decrease (Increase) in Joint Venture	588,785	--	--	--
Increase (Decrease) in Accounts Payable	247,690	140,509	242,165	(1,990)
Increase (Decrease) in Customer Deposits	49,031	50,207	44,117	--
Increase (Decrease) in Compensated Absences	10,748	22,430	5,610	3,966
Increase (Decrease) in Interfund Payables	(38,398)	(31)	10,862	1,523
Increase (Decrease) in Due to Other Governments	(73,814)	(225,027)	3,579	--
Increase (Decrease) in Accrued Expenses	18,084	20,677	12,846	1,391
Total Adjustments	1,406,365	2,196,334	378,879	4,890
Net Cash Provided (Used) by Operating Activities	\$ 3,208,125	\$ 3,458,395	\$ 171,939	\$ (105,114)

The accompanying notes are an integral part of this statement.

EXHIBIT A-9

Totals	Internal Service Funds
\$ 23,307,144	\$ 46,679
59,449	54,000
328,814	4,064,751
(4,066,642)	--
(9,916,507)	(2,963,839)
(2,978,913)	--
<u>6,733,345</u>	<u>1,201,591</u>
1,409,118	--
(3,131,845)	1,634,354
<u>(1,722,727)</u>	<u>1,634,354</u>
(3,824,294)	(825,076)
1,995,000	986,353
(5,421,824)	(2,560,393)
--	178,865
<u>(7,251,118)</u>	<u>(2,220,251)</u>
683,014	64,109
<u>683,014</u>	<u>64,109</u>
(1,557,486)	679,803
21,646,204	1,383,721
\$ <u>20,088,718</u>	\$ <u>2,063,524</u>
\$ 2,746,877	\$ 376,366
2,714,638	1,127,077
--	(49,068)
128,824	(184,494)
8,046	
588,785	
628,374	(68,290)
143,355	
42,754	
(26,044)	--
(295,262)	--
52,998	--
<u>3,986,468</u>	<u>825,225</u>
\$ <u>6,733,345</u>	\$ <u>1,201,591</u>

CITY OF HUNTSVILLE, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2008

	Agency Funds
ASSETS:	
Cash and cash equivalents	\$ 13,446
Total Assets	<u>\$ 13,446</u>
LIABILITIES:	
Accounts payable	\$ 13,446
Total Liabilities	<u>\$ 13,446</u>

The accompanying notes are an integral part of this statement.

CITY OF HUNTSVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

A. Summary of Significant Accounting Policies

The accounting and reporting policies of the City of Huntsville, Texas, ("City"), included in the accompanying basic financial statements conform to the generally accepted accounting principles (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the City's Comprehensive Annual Financial Report.

1. Reporting Entity

City of Huntsville (the City) is a municipal corporation governed by an elected mayor and eight-member council. As required by generally accepted accounting principles, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the City (the primary government). Each blended component unit has a September 30 year end.

The following blended component unit is reported as a Special Revenue Fund:

Huntsville Natural & Cultural Resources, Inc. (HNCR) is a nonprofit corporation created by the city to receive donations of land and money to provide park facilities and protection of cultural/historic amenities of the City. The City's Parks Advisory Board (all members of which are appointed by City Council) acts as Board of Directors. All decisions (financial etc.) of HNCR require the approval of the City of Huntsville's City Council. HNCR does not issue separate financial statements but financial information relating to HNCR, including its 990 (Internal Revenue Service "Return of Organization Exempt from Income Tax"), may be obtained at City of Huntsville, 1212 Avenue M, Huntsville, Texas 77340. HNCR has only received donations of land during its existence which the City has included in its Capital Assets. No other activity occurred which would be recorded as revenue or expenditure. Consequently, no special revenue fund statements have been prepared for HNCR.

2. Basis of Presentation

BASIC FINANCIAL STATEMENTS

The basic financial statements include both government-wide financial statements (based on the City as a whole) and fund financial statements. Both sets of financial statements classify activities as either governmental, which are supported by taxes and intergovernmental revenues, or business-type activities, which rely on fees and charges for support.

Government-wide financial statements:

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given program or function are offset by the program's revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given program and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues. The effect of interfund activity within the governmental and business-type activities columns has been removed from these statements.

Fund financial statements:

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Each fund is considered a separate accounting entity and the operations of each fund are accounted for using a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriated. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for

CITY OF HUNTSVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

which they are to be spent and the means by which spending activities are controlled. Separate statements are presented for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

The government wide focus is on the sustainability of the City as an entity and the change in net financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories. Each presentation provides a different focus, which allows the reader to compare and analyze the information to enhance the usefulness of the statements.

GOVERNMENTAL FUND TYPES

Governmental Funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds (in the fund financial statements) is on the sources, uses and balance of current financial resources and include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds. The individual funds are described as follows:

Major Governmental Funds

General Fund - The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Street Special Revenue Fund - The Street Special Revenue Fund is used to account for the proceeds of revenue sources that are restricted to expenditures for street repairs and improvements.

Non-major Governmental Funds

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs.

Special Revenue Funds - The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are restricted to expenditures for specified purposes.

Capital Projects Funds - The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by the Proprietary Fund Types. Such resources are derived from proceeds of general obligation bonds or other sources of revenue specifically set aside for capital projects.

Permanent Funds - The Permanent Funds are used to report resources that are legally restricted to the extent that only earnings and not principal, may be used for purposes that support the City's Library and Cemetery operations.

PROPRIETARY FUND TYPES

The Proprietary Fund Types are used to account for the City's organization and activities which are similar to those often found in the private sector. These funds are financed and operated in a manner similar to private business enterprises - where the intent of the City is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered mainly through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

CITY OF HUNTSVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Major Proprietary Funds

Water Fund - This fund accounts for the provision of water services to the residents of the city and some residents of the county. All activities necessary to provide such services are accounted for in these funds including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Wastewater Fund - This fund accounts for the provision of wastewater services to the residents of the city and some residents of the county. All activities necessary to provide such services are accounted for in these funds including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Solid Waste Fund - This fund accounts for all solid waste collection and disposal services the City provided to residents (residential and commercial) of the city and some residents of the county. All activities necessary to provide such services are accounted for in these funds including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Non-major Proprietary Funds

Enterprise Funds - The funds that are operated as enterprise funds within the City but are not considered major funds are the Oakwood Cemetery Operation Fund.

Internal Service Funds - The Internal Service Funds, which provide services primarily to other funds of the government, are presented in the summary form as part of the proprietary fund financial statements. The financial statements of the internal service funds are allocated by percentage of use to the governmental and business-type columns when presented at the government wide level. Various operations are accounted for as internal service funds, such as operational costs associated with automobile and heavy equipment and repairing City owned facilities, operational costs associated with the City's computer equipment within various departments, as well as jointly shared administrative departments.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principle on-going operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

3. Measurement Focus/Basis of Accounting.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Measurement focus refers to what is being measured and basis of accounting refers to timing of revenue and expenditure recognition in the financial statements.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled utility services which are accrued. Expenses are recognized at the time the liability is incurred.

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow private-sector guidance issued subsequent to November 30, 1989.

CITY OF HUNTSVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers all revenues available if they are collected within sixty (60) days after year-end. Expenditures are recognized when the related fund liability is incurred, if measurable, except for principal and interest on general long-term debt, which are recorded when due, and compensated absences, which are recorded when payable from currently available financial resources.

Ad valorem, sales, hotel, and franchise tax revenues recorded in the Governmental Fund Types are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues (except earning on investments) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

4. Budgets.

At least 30 days prior to the end of each fiscal year, the City Manager submits a proposed budget presenting a complete financial plan for the ensuing fiscal year to the City Council (the Council). Public hearings are conducted, at which time all interested persons' comments concerning the budget are heard. The budget must be legally adopted by the Council through passage of an ordinance no later than the twenty-seventh day of the last month of the fiscal year.

Formal budgetary integration is employed as a management control device during the year for all Governmental and Proprietary Fund Types. All budgets are prepared on the budgetary basis, except Capital Project Funds and the following Special Revenue Funds: Police Forfeiture Fund, Federal Grants Fund, and the Area Revitalization Special Revenue Fund. Budgetary control is exercised at the division level. The encumbrances outstanding at year are recognized as expenditures against that year's appropriation. These encumbrances are reconciled to generally accepted accounting principles where appropriate.

Any changes in the budget must be within the revenues and reserves estimated as available by the City Manager or the revenue estimates must be changed by an affirmative vote of a majority of City Council. The City Manager is authorized to make budget transfers within any fund up to \$3,000. Amendments between divisions in excess of \$3,000 must have Council approval, as must any revisions which alter the total expenditures of any fund. An amount is budgeted each year for contingencies which may arise, and the same budgetary controls apply to it also. In accordance with the legally adopted budget document and for state statute compliance purposes expenditures may not legally exceed budgeted appropriations at the division level. During the year, several supplementary appropriations were necessary.

The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund presents a comparison of budgetary data to actual results. The General Fund utilizes the same basis of accounting for both budgetary purposes and actual results, except for the effect of encumbrances and unrealized investment gains and losses, which are reconciled to the actual results for this comparison.

5. Encumbrances.

Encumbrance accounting is employed as an extension of formal budgetary control in all funds. Encumbrance accounting is a process whereby purchase orders, contracts and other commitments for the expending of monies are recorded in order to reserve that portion of the applicable appropriation. Outstanding year-end encumbrances are reported as reservation of fund balances and do not constitute expenditures or liabilities because the commitments are carried forward into the subsequent fiscal year.

6. Cash and Investments.

For cash flow purposes, cash and cash equivalents consist of demand deposits, certificates of deposits and deposits in authorized investment pools.

CITY OF HUNTSVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Texas State law requires the City to adopt written investment policies. The City's investment policy was last amended on September 5, 2007. The investment policy was first adopted in March, 1990, amended October 1, 1990, February 8, 1994, December 12, 1995, February 19, 1998, February 8, 2000 and September 28, 2001. Authorized investments include those outlined in the Texas Government Code. Authorized investments include:

- obligations of the United States or its agencies and instrumentalities;
- direct obligations of the state of Texas or its agencies and instrumentalities;
- obligations that the principal of and interest in which are unconditionally guaranteed by the State of Texas, or the United States or its agencies and instrumentalities;
- certain certificates of deposit issued by state and national banks domiciled in Texas;
- certain prime domestic bankers' acceptances (Texas Government Code Section 2256.009)
- commercial paper with a stated maturity of 270 days or less rated not less than A-1 or P-1;
- fully collateralized repurchase agreements;
- public funds investment pools approved by resolution of the City Council

The City currently invests in local government pools, and obligations of the United States or State of Texas or its agencies and instrumentalities, exclusively. Investments are reported at fair value. The City follows the provisions GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" ("Statement"). Those provisions require that certain investments be reported at fair value, rather than at cost or amortized cost, and that the changes in fair value of investments be recognized as investment revenue. The statement further provides that the City has the option of continuing to report certain investments at cost or amortized cost but must disclose its policy in this regard. In accordance with GASB Statement No. 31, the City's general policy is to report all investments at fair value.

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its share.

The City investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a-7 like, in which case they are reported at share value. A 2a-7 like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940.

7. Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or legal agreements. The "customer deposit account" is used to report utility customer deposits required to be segregated by the deposit agreement. "Construction funds account" is used to report those proceeds of revenue

CITY OF HUNTSVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

bond issuance and/or certificate of obligation issuances that are restricted for use in construction. The "revenue bond interest and sinking account" is used to segregate resources accumulated for debt service payments over the next twelve months. The "bond reserve account" are used to report resources set aside to make up potential future deficiencies in the revenue bond current debt service account.

8. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

All trade receivables are shown net of an allowance for uncollectibles. Trade receivables are reviewed at year-end to establish or update the provisions for estimated uncollectible receivables. These provisions are estimated based on an analysis of an aging of the year-end accounts receivable balance and/or the historical rate of uncollectibility.

Taxes Receivable - Property taxes levied for the current year are recorded on the balance sheet as taxes receivable and deferred revenue at the beginning of the year. Property taxes are recognized as revenue when collected in cash at which time the balance sheet accounts, taxes receivable and deferred revenue are reduced by the amount of the collection. The amount of taxes receivable at year-end that would be collected soon enough to be used to pay liabilities of the current period is immaterial. At year-end, all uncollected property taxes are reported on the balance sheet as taxes receivable and deferred revenue. In accordance with governing statutes, property taxes were levied on October 1, 2007, to provide a revenue source to be used to finance the current year's budget. Taxes levied on October 1, 2007, were due and payable by January 31, 2008. On January 1, 2008 a tax lien is attached to property to secure the payment of all taxes, penalties and interest ultimately imposed for one year on that property. After January 31, 2008, unpaid taxes began to accrue a penalty and interest charge until paid. On July 1, 2008 after levy, delinquent taxes were turned over to the City's delinquent tax attorney for collection and/or filing of suit for collection. The City is prohibited from charging off real property taxes without specific statutory authority from the Texas Legislature.

9. Inventories

Inventories are valued at cost using the average cost method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

10. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund services provided and used and reimbursements, are reported as transfers. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

11. Compensated Absences

Vested or accumulated vacation leave is reported as an expenditure and a fund liability of the governmental fund that will pay what has matured, for example, as a result of employee resignations and retirements. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

It is the City's policy to permit employees to accumulate unused sick pay benefits. The City has a policy to pay a portion of unused sick pay benefits when employees separate from service. In the government wide financial

CITY OF HUNTSVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

statements and proprietary fund types a liabilities are included in the statements.

12. Capital Assets

Capital Assets other than Streets and Drainage:

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at their historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets capitalized, not including infrastructure assets, have an original cost of \$5,000 or more and an expected useful life of over one year.

Interest incurred during the construction phase of capital assets of business-type activities is capitalized.

Depreciation of assets not following the modified approach is computed using the straight-line method on the composite assets based upon the estimated useful lives as follows:

Water Production and Distribution Systems	10-50 years
Wastewater Collection and Disposal Systems	10-50 years
Buildings and Improvements	25 years
Machinery, Tools, and Equipment	5-10 years
Automotive Equipment	5 years
Office Furniture and Equipment	3-5 years

13. Long-term Obligations

The portion of long-term general obligation debt used to finance proprietary fund operations and payable from the revenues of the Enterprise Funds is recorded in such funds. General obligation bonds and other forms of long-term debt supported by general revenues are obligations of the City as a whole and not its individual funds. Accordingly, such unmatured obligations of the City are accounted for on the statement of net assets and payments of principal and interest relating to the general obligation bonds are recorded as expenditures when they are paid in the fund statements. Self supporting general obligation debt, which will be repaid from non-general revenue sources is recorded in the appropriate proprietary fund.

14. Bond Issuance Costs

For Governmental Fund Types, bond premiums and discounts, as well as issuance costs, are recognized during the current period on the fund financial statements. Bond proceeds are reported as an other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. For Proprietary Fund Types and on the government-wide statements, premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges.

15. Nature and Purpose of Reservations and Designation of Fund Equity

In fund financial statements, governmental funds report reservations for amounts that are not available for appropriation or are legally restricted by outside parties for specific purpose.

CITY OF HUNTSVILLE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2008

Fund balances and net assets are restricted and/or reserved for the following purposes:

Restrictions:

- Debt Service - tax funds reserved for retirement of general long-term debt.
- Capital Projects - funds identified for capital outlay including infrastructure and other capital projects.

Reservations:

- Encumbrances - funds reserved for payment of outstanding commitments related to unperformed contracts for goods or services, i.e. open purchase orders.
- Prepaid Items and Inventories - assets such as supplies and fuel that are unavailable for spending.
- Special Programs - funds relating to grants, hotel/motel tax, and other restricted sources.

B. Deposits and Investments

At year-end the carrying amount of the City's bank deposits was \$1,381,161 and the bank's balance was \$1,687,836. Of the bank balance, \$232,875 was covered by federal depository insurance and the balance of collateral was held by the bank's agent in the City's name.

There was no difference in the "Carrying Amount" and "Fair Value" of the City's investments at year end.

A reconciliation of cash and investments as shown on the Balance Sheet for the City follows:

Cash on hand	\$ 2,750
Carrying amount of deposits	1,381,161
Carrying amount of investments	<u>33,620,226</u>
Total	<u>\$ 35,004,137</u>
Cash and Cash Equivalents	\$ 27,583,850
Cash and Cash Equivalents - restricted	<u>7,420,287</u>
Total	<u>\$ 35,004,137</u>

The City invests in external investment pools with a credit rating of AAA.

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Analysis of Specific Deposit and Investment Risks

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the City was not significantly exposed to credit risk.

CITY OF HUNTSVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name.

At year end, the City was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the City was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk.

C. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

2. Deficit Fund Balance or Fund Net Assets of Individual Funds

Following are funds having deficit fund balances or fund net assets at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
Not applicable	\$ Not applicable	

CITY OF HUNTSVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

D. Interfund Balances and Activity

1. Due To and From Other Funds

Balances due to and due from other funds at September 30, 2008, consisted of the following:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Water Fund	\$ 11,593	Short-term loans
Water Fund	Special Revenue	19	Short-term loans
Water Fund	General Fund	1,794	Short-term loans
Water Fund	Wastewater Fund	255	Short-term loans
General Fund	Wastewater Fund	21,232	Short-term loans
General Fund	Special Revenue	64,960	Short-term loans
General Fund	Oakwood Cemetary Fund	3,037	Short-term loans
Wastewater Fund	General Fund	1,366	Short-term loans
Wastewater Fund	Water Fund	485	Short-term loans
Solid Waste Fund	General Fund	3,474	Short-term loans
Oakwood Cemetary Fund	General Fund	100	Short-term loans
General Fund	Solid Waste Fund	41,039	Short-term loans
Street Fund	Wastewater Fund	815	Short-term loans
Street Fund	Water Fund	2,035	Short-term loans
Street Fund	General Fund	4,082	Short-term loans
Special Revenue	General Fund	40,992	Short-term loans
	Total	\$ 197,278	

2. Transfers To and From Other Funds

Transfers to and from other funds at September 30, 2008, consisted of the following:

Transfers From	Transfers To	Purpose	Amount
Water Fund	General Fund	Provide supplemental funding	\$ 851,377
Special Revenue Funds	General Fund	Provide supplemental funding	86,377
General Fund	Capital Projects	Provide supplemental funding	148,150
Solid Waste Fund	Capital Projects	Provide supplemental funding	50,345
Debt Service Fund	General Fund	Provide supplemental funding	153,443
General Fund	Oakwood Cemetary Fund	Provide supplemental funding	62,215
General Fund	Special Revenue Funds	Provide supplemental funding	201,739
Water Fund	Capital Projects	Provide supplemental funding	646,066
Wastewater Fund	Water Fund	Provide supplemental funding	496,621
Wastewater Fund	Special Revenue Funds	Provide supplemental funding	482,118
Wastewater Fund	Capital Projects	Provide supplemental funding	215,684
Solid Waste Fund	General Fund	Provide supplemental funding	8,550
Wastewater Fund	General Fund	Provide supplemental funding	11,930
Endowment Fund	Oakwood Cemetary Fund	Provide supplemental funding	11,516
Capital Projects	Special Revenue Funds	Provide supplemental funding	39,124
Capital Projects	General Fund	Provide supplemental funding	30,000
	Total		\$ 3,495,255

CITY OF HUNTSVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

E. Capital Assets

Capital asset activity for the year ended September 30, 2008, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,808,042	\$ --	\$ --	\$ 1,808,042
Construction in progress	22,320	223,858	41,360	204,818
Total capital assets not being depreciated	1,830,362	223,858	41,360	2,012,860
<i>Capital assets being depreciated:</i>				
Buildings and improvements	8,024,467	--	--	8,024,467
Machinery, furniture, and equipment	15,009,587	3,162,787	717,221	17,455,153
Improvements other than buildings	11,786,398	41,360	--	11,827,758
Infrastructure	33,457,786	--	--	33,457,786
Total capital assets being depreciated	68,278,238	3,204,147	717,221	70,765,164
Less accumulated depreciation for:				
Buildings and improvements	3,069,050	808,508	--	3,877,558
Machinery, furniture, and equipment	9,689,762	1,291,836	666,086	10,315,512
Improvements other than buildings	3,460,538	--	--	3,460,538
Infrastructure	20,884,611	959,440	--	21,844,051
Total accumulated depreciation	37,103,961	3,059,784	666,086	39,497,659
Total capital assets being depreciated, net	31,174,277	144,363	51,135	31,267,505
Governmental activities capital assets, net	\$ 33,004,639	\$ 368,221	\$ 92,495	\$ 33,280,365

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 782,324	\$ --	\$ --	\$ 782,324
Construction in progress	6,211,782	4,754,560	4,136,432	6,829,910
Total capital assets not being depreciated	6,994,106	4,754,560	4,136,432	7,612,234
<i>Capital assets being depreciated:</i>				
Buildings and improvements	1,651,624	--	--	1,651,624
Machinery, furniture, and equipment	1,045,168	361,356	--	1,406,524
Improvements other than buildings	398,950	--	--	398,950
Utility systems	64,648,201	4,442,355	--	69,090,556
Total capital assets being depreciated	67,743,943	4,803,711	--	72,547,654
Less accumulated depreciation for:				
Buildings and improvements	928,788	84,772	--	1,013,560
Machinery, furniture, and equipment	885,262	69,480	--	954,742
Improvements other than buildings	52,083	--	--	52,083
Utility systems	26,289,078	2,560,385	--	28,849,463
Total accumulated depreciation	28,155,211	2,714,637	--	30,869,848
Total capital assets being depreciated, net	39,588,732	2,089,074	--	41,677,806
Business-type activities capital assets, net	\$ 46,582,838	\$ 6,843,634	\$ 4,136,432	\$ 49,290,040

CITY OF HUNTSVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Depreciation was charged to functions as follows:

Governmental activities:	
Administrative services	\$ 1,194,949
Finance	36,262
Public works	1,215,322
Community services	396,537
Public safety	216,714
Total Governmental activities depreciation	<u>\$ 3,059,784</u>

Business-type activities:	
Water Production and Distribution	\$ 475,257
Wastewater Collection and Treatment	2,157,295
Solid Waste Disposal and Collection	82,085
	<u>\$ 2,714,637</u>

F. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended September 30, 2008, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	\$ 4,171,916	\$ --	\$ 416,916	\$ 3,755,000	\$ 25,000
Certificates of obligations	13,380,000	--	430,000	12,950,000	875,000
Tax Note	720,000	--	130,000	590,000	140,000
Capital leases	772,489	986,353	772,489	986,353	194,379
Compensated absences *	1,163,778	173,166	147,262	1,189,682	368,801
Total governmental activities	<u>\$ 20,208,183</u>	<u>\$ 1,159,519</u>	<u>\$ 1,896,667</u>	<u>\$ 19,471,035</u>	<u>\$ 1,603,180</u>
Business-type activities:					
TRA Contract Revenue Bonds	\$ 13,485,000	\$ --	\$ 1,020,000	\$ 12,465,000	\$ 1,065,000
Revenue Bonds	14,115,000	1,995,000	1,215,000	14,895,000	1,255,000
General obligation bonds	188,084	--	103,084	85,000	85,000
Compensated absences *	292,207	42,753	--	334,960	103,838
Total business-type activities	<u>\$ 28,080,291</u>	<u>\$ 2,037,753</u>	<u>\$ 2,338,084</u>	<u>\$ 27,779,960</u>	<u>\$ 2,508,838</u>

*** Other long-term liabilities**

For governmental activities, claims and judgments and compensated absences are generally liquidated by the general fund.

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Compensated absences	Governmental
Compensated absences	Business-type

CITY OF HUNTSVILLE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2008

2. Debt Service Requirements

Debt service requirements on long-term debt (excluding compensated absences and capital leases) at year end are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2009	\$ 1,040,000	\$ 753,443	\$ 1,793,443
2010	1,095,000	704,215	1,799,215
2011	1,150,000	654,236	1,804,236
2012	1,205,000	605,312	1,810,312
2013	1,090,000	558,647	1,648,647
2014	1,140,000	515,146	1,655,146
2015	1,195,000	463,202	1,658,202
2016	1,245,000	411,013	1,656,013
2017	1,315,000	355,449	1,670,449
2018	1,370,000	295,881	1,665,881
Thereafter	5,450,000	1,520,179	6,970,179
Totals	\$ 17,295,000	\$ 6,836,723	\$ 24,131,723

Year Ending September 30,	Business-type Activities		
	Principal	Interest	Total
2009	\$ 2,405,000	\$ 1,379,981	\$ 3,784,981
2010	2,435,000	1,272,003	3,707,003
2011	2,560,000	1,155,458	3,715,458
2012	2,695,000	1,032,761	3,727,761
2013	2,815,000	902,409	3,717,409
2014	2,560,000	764,881	3,324,881
2015	2,690,000	637,846	3,327,846
2016	2,840,000	503,002	3,343,002
2017	1,540,000	359,529	1,899,529
2018	1,380,000	275,900	1,655,900
Thereafter	3,525,000	404,180	3,929,180
Totals	\$ 27,445,000	\$ 8,687,950	\$ 36,132,950

At September 30, 2008 there were no authorized, or unissued general obligation or revenue bonds, and the City is in compliance with all bond ordinances.

General Obligation Debt

A summary of Tax-Supported General Obligation Debt outstanding at September 30, 2008 follows:

Certificate Series 1998 issued on December 15, 1998, at an interest rate of 4.35 - 6.25% to finance the construction and acquisition of rights-of-way for arterial streets, due in installments of \$70,000 - \$905,000 for principal each August 15, beginning August 15, 2003 and interest payments due each February 15 and August 15, beginning February 15, 2001.

\$ 6,655,000

Certificate Series 2000 issued on December 21, 2000, at an interest rate of 5.2804% to finance the construction and acquisition of rights-of-way for arterial streets, due in installments of \$35,000 - \$460,000 for principal each August 15, beginning August 15, 2003 and interest payments due each February 15 and August 15, beginning February 15, 2001.

675,000

Certificate Series 2001 issued on November 15, 2001, at an interest rate of 4.75-6.00% to finance the construction and related expenses of a new golf course, due in installments

CITY OF HUNTSVILLE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2008

of \$75,000 - \$330,000 for principal each August 15, beginning August 15, 2004 and interest payments due each February 15 and August 15, beginning August 15, 2004 4,590,000

Certificate Series 2004 issued on March 15, 2004, at an interest rate of 2.50 - 4.40% to finance the construction and equipping of a new fire station, and improve existing facilities, due in installments of \$30,000 - \$165,000 for principal each February 15, beginning February 15, 2005 and interest payments due each February 15 and August 15, beginning February 15, 2005. 1,030,000

\$3,820,000 General Obligation Refunding Bonds, Series 2005 due in installments of \$15,000 to \$440,000 through 2020, interest rate of 3.52% 3,755,000

\$1,145,000 2005 Tax Notes, Series 2005, dated October 20, 2005 to finance the construction of an aquatic facility, due in annual installments of \$300,000-\$155,000 beginning March 15, 2006 with an interest rate of 3.00%-3.75%. 590,000

Subtotal Tax Supported General Obligation Debt \$ 17,295,000

A summary of Self-Supporting General Obligation Debt outstanding at September 30, 2008 follows:

Portion of \$2,220,000 General Obligation Refunding Bonds, Series 2004, due in installments of \$85,000 - \$303,369, beginning February 15, 2005 and interest payments due each February and August 15, with an interest rate of 2.00% - 2.25%. 85,000

Subtotal Self-Supporting General Obligation Debt 85,000

Total outstanding General Obligation Debt as of September 30, 2008 \$ 17,380,000

Revenue Debt

A summary of Revenue Debt outstanding at September 30, 2008 follows:

\$14,395,000 1997 Water and Wastewater System due in installments of \$475,000 to \$1,075,000 through 2016, interest rates from 2.75% to 4.55% \$ 7,305,000

\$7,255,000 2002 Water and Wastewater System due in installments of \$80,000 to \$535,000 through 2022, interest rates from 4.50-5.00% 5,775,000

\$1,995,000 2007 Water and Wastewater System due in installments of \$170,000 to \$235,000 through 2017, interest rates of 4.025% 1,815,000

\$3,905,000 1996 TRA Contract Revenue Bonds due in installments of \$125,000 to \$300,000 through 2016, interest rates from 3.6-5.40% 2,020,000

\$3,120,000 1997 TRA Contract Revenue Bonds due in installments of \$90,000 to \$240,000 through 2018, interest rates from 4.70-5.30% 1,895,000

\$9,260,000 1999 TRA Contract Revenue Bonds due in installments of \$245,000 to \$785,000 through 2006, interest rates from 5.40-6.00% 6,820,000

\$3,125,000 2003 TRA Contract Revenue Bonds due in installments of \$240,000 to \$375,000 through 2013, interest rates from 3.50-4.75% 1,730,000

Total outstanding Revenue Debt as of September 30, 2008 \$ 27,360,000

CITY OF HUNTSVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

3. Capital Leases

Commitments under capitalized lease agreements for equipment originally acquired under capital leases in the amount of \$986,353 provide for minimum future lease payments as of September 30, 2008, as follows:

Year Ending September 30:

2009	\$ 215,339
2010	215,339
2011	215,340
2012	215,339
2013	215,340
Total Minimum Rentals	<u>\$ 1,076,697</u>

The effective interest rate on capital leases is 3.45%.

G. Joint Venture

Proprietary Funds: Pursuant to the agreement with Trinity River Authority (TRA) dated September 28, 1976, the City has endorsed Contract Revenue Bonds through TRA and is unconditionally obligated to pay, from the gross operating revenues of the City's waterworks, wastewater system, all debt service payments on these bonds; all operation and maintenance expenses of the facilities the bonds were used to build; and the amounts necessary to restore any deficiencies in funds required to be accumulated under the bond resolutions. As consideration for the aforementioned obligations, the City shall have an exclusive right to the use of the transmission and clear well storage facilities constructed. Upon the expiration of the contract, the City shall have the right to continued service for an additional period of fifty (50) years, or for such other time as may be agreed. In addition to funding provided by the sale of TRA bonds, the City acquired an Environmental Protection Agency Grant for \$4,417,500.

In accordance with GASB Statement 14, the equity interest in this joint venture is reported as an asset of the enterprise fund that participates. All profit on the operating transactions between TRA and the City's Water and Wastewater Funds have been eliminated. Since aggregating the contract bond reserve account and contract bonded indebtedness into the "net equity in joint venture" would be misleading, those two items have been separately stated. The City is solely liable for that debt even though the funds were used to build facilities owned and used by the joint venture. Additionally, the City's share of the net loss is reported as an operating expense since it actually represents the cost providing water and wastewater treatment, the integral function of these funds. Those costs are expected to be recovered through user fees.

The individual components of the asset account "investment in joint venture" are as follows:

	For the Year Ended September 30, 2008
Contract Water Facilities/Equipment	\$ 29,077,498
Allowance for Depreciation	(12,508,700)
Bond Issuance Costs	<u>258,542</u>
Total Investment in Joint Venture	<u>\$ 16,827,340</u>

CITY OF HUNTSVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

The individual components of the operating expense "TRA Joint Venture" are:

	For the Year Ended September 30, 2008
Operating Expenses	\$ 2,172,938
Contract Bond Interest	686,100
Depreciation/Amortization Expense	708,660
Total operating expenses Joint Venture	<u>\$ 3,567,698</u>

Summarized financial information for this joint venture from TRA's most recent audited financial statements is as follows:

	For the Year Ended November 30, 2007
ASSETS	
Current Assets	\$ 547,524
Restricted Assets	1,099,784
Capital Assets (net of Accumulated Depreciation)	16,298,607
Deferred Charges	273,604
TOTAL ASSETS	<u>\$ 18,219,519</u>
LIABILITIES	
Current Liabilities	
Payable from Current Assets	\$ 340,375
Payable from Restricted Assets	994,420
Long-Term Debt	10,735,342
TOTAL LIABILITIES	<u>\$ 12,070,137</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	\$ 5,133,654
Restricted for Debt Service	864,613
Unrestricted	151,115
TOTAL NET ASSETS	<u>\$ 6,149,382</u>
	For the Year Ended November 30, 2007
Operating Revenue	\$ 3,787,437
Operating Expenses Before Depreciation	2,833,185
Operating Income Before Depreciation	954,252
Depreciation Expense	720,960
Operating Income	233,292
Net Non-Operating Revenues/(Expenses)	(600,805)
Income before Transfers	(367,513)
Transfers, net	16,287
Net Assets - Beginning of Year	6,500,608
Net Assets - End of Year	<u>\$ 6,149,382</u>

CITY OF HUNTSVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Financial Statements for this joint venture may be obtained at Trinity River Authority of Texas, P.O. Box 60, Arlington, Texas 76004-0060.

H. Raw Water Supply Contract

On August 24, 1976, the City of Huntsville entered into a contract with the Trinity River Authority of Texas to purchase from the Authority amounts of raw water impounded in the Livingston Reservoir. The City is obligated to pay an annual standby charge on or before the tenth of each April and October. Annual standby charges are calculated by multiplying the current annual average daily amount the Authority is obligated to sell by the Authority's rates for sale of raw water to municipalities. On April 22, 1998, the City contracted with the Authority for an addition 6.0 MGD for industrial purposes. On November 1, 2006, the City contracted for an additional amount bringing the total to 20.0 MGD that the Authority is obligated to sell.

Annual average daily amounts of raw water that the Authority is obligated to sell to the City is set forth in the following schedule:

	<u>Annual Average Daily Amounts</u>
2001 through 2020	20.0 MGD

I. Pension Plan

1. Plan Description

The City provides benefits for all of its full-time employees (employed more than thirty hours per week) through a nontraditional, joint contributory hybrid, defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 821 administered by TMRS, an agent multiple-employer public employee retirement system. Financial statements, as well as actuarial assumptions and valuations, for the plan are included in the TMRS Comprehensive Annual Financial Report each year, a copy of which can be obtained by writing P.O. Box 149153, Austin, Texas, 78714-9153.

2. Benefits

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, October 1, 1989, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee at a 5% contribution rate, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percentage of the employee's accumulated contributions. In addition, the City can grant as often as annually another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at age 60 and above with 5 or more years of service, or with 20 years of service regardless of age. The plan also provides death and disability benefits. A member is vested after 5 years, but must leave their accumulated contribution in the plan. If members withdraw their own money, they are not entitled to the employer-financed monetary credits, even if they were vested. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

CITY OF HUNTSVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

3. Contributions

The contribution rate for years beginning after January 1, 1997 for the employee is 7%, and the City's matching percentage is 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the City's contribution rate is annually determined by actuary. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City's matching percentage, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percentage of payroll necessary to satisfy the obligation of the City to each employee at the time his retirement becomes effective.

The prior service contribution rate amortizes the unfunded actuarial liability over the remainder of the plan's 25 year amortization period. When the City periodically adopts updated service credits and increases its annuities in effect, the increased unfunded actuarial liability is to be amortized over a new 25 year period. The unit credit actuarial cost method is used for determining the City's contribution rate. Contributions are made monthly by both the employees and the City. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year lag between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect (i.e. December 31, 2007, valuation is effective for rates beginning January 2009). The City has adopted the option for an annual repeating updated service credit.

The City's actuarial assumptions were as follows:

Actuarial Cost Method	--	Unit Credit
Amortization Method	--	Level Percent of Payroll
Remaining Amortization Period	--	25 Years - Open Period
Asset Valuation Method	--	Amortized Cost
Investment Rate of Return	--	7.0%
Projected Salary Increases	--	None
Included Inflation At	--	3.5%
Cost-of-Living Adjustments	--	None

At its December 8, 2007 meeting, the TMRS Board of Trustees adopted actuarial assumptions to be used in the actuarial valuation for the year ended December 31, 2007. A summary of actuarial assumptions and definitions can be found in the December 31, 2007 TMRS Comprehensive Annual Financial Report (CAFR).

Since its inception, TMRS has used the Unit Credit actuarial funding method. This method accounts for liability accrued as of the valuation date, but does not project the potential future liability of provisions adopted by a city. Two-thirds of the cities participating in TMRS have adopted the Updated Service Credit and Annuity Increases provisions on an annually repeating basis. For the December 31, 2007 valuation, the TMRS Board determined that the Projected Unit Credit (PUC) funding method should be used, which facilitates advance funding for future updated service credits and annuity increases that are adopted on an annually repeating basis. In addition, the Board also adopted a change in the amortization period from a 25-year "open" to a 25-year "closed" period. TMRS Board of Trustee rules provide that, whenever a change in actuarial assumptions or methods results in a contribution rate increase in an amount greater than 0.5%, the amortization period will be increased to 30 years, unless a city requests that the period remain at 25 years. For cities with repeating features, these changes would likely result initially in higher required contributions and lower funded ratios; however, the funded ratio should show steady improvement over time. To assist in this transition to higher rates, the Board also approved an eight-year phase-in period, which will allow cities the opportunity to increase their contributions gradually (approx. 12.5% each year) to their full rate (or their required contribution rate).

If the changes in actuarial funding method and assumptions had not been adopted for the 2007 valuation, the city's unfunded actuarial accrued liability would have been \$40,276,922 and the funded ratio would have been 64.3%.

CITY OF HUNTSVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

In addition, TMRS is currently working on its legislative package for 2009. There is a possibility that the investment rate of return (IRR) assumption of 7% would need to be lowered if desired legislation for the 2009 session is unsuccessful. Maintaining a 7% IRR assumption is contingent in part on the continued diversification of the TMRS portfolio, from an almost exclusive bond portfolio that includes equities as well. If state legislation needed to facilitate the continued diversification is not enacted, TMRS may have to revisit the continued diversification of the portfolio and consider the assumed IRR. A reduction in the IRR would result in increased actuarial accrued liabilities, thus causing further increases in city contribution rates, following the December 31, 2009 actuarial valuation.

4. Annual Pension Cost

The City's annual pension cost for the Plan for the years ending September 30, 2008, 2007 and 2006 was \$1,874,126, \$1,810,875 and \$1,712, respectively.

J. Risk Management

Medical Insurance Fund

Claims incurred but not reported have been estimated based on information available from the fund administrator and recorded as an account payable of the fund.

The total amount for service charges (to other funds) is computed based on an actuarial method which is adjusted annually. A stop loss insurance policy limits the City's liability on catastrophic claims. Effective October 1, 2002 the City's limit is increased from \$60,000 to \$75,000 per employee.

Changes in the balance of aggregate liabilities during the year are as follows:

	2008	2007
Aggregate Liabilities October 1	\$ 318,287	\$ 138,404
Incurred Liabilities	2,509,065	1,956,439
Paid Liabilities	(2,578,092)	(1,776,556)
Aggregate Liabilities September 30	<u>\$ 249,260</u>	<u>\$ 318,287</u>

Public Entity Risk Pool

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. In order to properly address this risk, the City is a member of the Texas Municipal League Intergovernmental Risk Pool (TML), a public entity risk pool. The City pays an annual premium to TML. The agreement with TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of established amounts. The City's liability for any covered claims is limited to its annual deductible.

K. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

In accordance with federal legislation passed in August 1996, the City amended its deferred compensation agreement, so that effective November 1996, the assets of the plan are to be held in trust for the exclusive benefit of the plan participants and their beneficiaries, and the assets will be used for no other purpose. In no event will the City's liability to pay benefits to a participant under the plan exceed the value of the amounts credited to the participants account.

CITY OF HUNTSVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

The City in previous years has reported this fund in the Trust and Agency Funds. As a result of the November 1996 legislative changes, this fund has been excluded from the Financial Reports. Activity by participants for the period October 1, 2006 through September 2007 is as follows:

	Balance 10/1/2007	Additions	Deletions	Balance 09/30/08
Investments	\$ 3,192,722	\$ 297,458	\$ 984,491	\$ 2,505,689

L. Commitments and Contingencies

1. Retired Employees' Medical Coverage

A retired employee may continue health plan coverage at the same cost that the City sets for regular employees or employee dependents if the retired employee retires with 80 or more points (age plus years of service). If an employee retires under the Texas Municipal Retirement System with more than 70 points, but less than 80, the retiree may purchase health plan benefits through the City's health plan to continue the health coverage for the retired employee, spouse, or dependent that they maintained at the time of the employee's retirement from the City.

For the year ended September 30, 2008, there were a total of 50 retirees in the City's health plan. Of these 50, ten carried dependent coverage. The Medical Insurance Fund paid out approximately \$885,739 in claims for retirees and their dependents. The City paid into the Medical Insurance Fund approximately \$336,801 in premiums for the 50 retirees, and the retirees paid in \$91,522.

2. Other Commitments

On October 9, 2001, City Council approved the creation of the Raven Hills Higher Education Corporation (RHHEC), a nonprofit corporation, pursuant to Chapter 53 of the Texas Education Code. The corporation is organized solely and exclusively for the purpose of aiding nonprofit institutions of higher education and accredited primary and secondary schools in providing education and housing facilities and facilities which are incidental, subordinate, or related thereto or appropriate in connection therewith in accordance with and subject to the provisions of the Higher Education Authority Act (Chapter 53) (the "Act"). More specifically and although not so limited by its Articles of Incorporation or the Act, it is anticipated that RHHEC will primarily aid the institutions composing the Texas State University System. Those institutions are Sam Houston State University, Southwest Texas State University, Angelo State University, Sul Ross State University, Rio Grand College, Lamar University, Lamar Institute of Technology, Lamar State College - Orange, and Lamar State College - Port Arthur.

The Corporation has the authority to issue bonds for the purposes stated in the above paragraph, and in 2001, RHHEC issued three different sets of bonds: two were for the benefit of Southwest Texas State University and are referred to as San Marcos Hall and Bobcat Village; and one was for the benefit of Lamar University and is referred to as Cardinal Village. The San Marcos Hall issue was \$19,990,000 for Series 2001A and \$300,000 for Series 2001B; the Bobcat Village was \$43,830,000 for Series 2001A and \$230,000 for Series 2001B; and Cardinal Village was \$12,655,000 for Series 2001A and \$120,000 for Series 2001B.

In 2002 RHHEC issued four different sets of bonds: two were issued for the benefit of Lamar University and are referred to as Cardinal Village; one was for the benefit of Angelo State University and are referred to as Texan Hall; and one is for the benefit of Southwest Texas State and are referred to as San Marcos Hall. The Cardinal Village issues are \$14,985,000 Series 2002A and \$310,000 Taxable Series 2002B; \$20,655,000 for series 2003A and \$255,000 Taxable Series 2003B; The Texan Hall issues is \$18,310,000 for series 2002A and \$375,000 for Series 2002B; the San Marcos Hall issue is \$22,940,000 Series 2003A and \$320,000 Taxable Series 2003B.

CITY OF HUNTSVILLE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2008

3. Construction Commitments

The City has various construction projects as of September 30, 2008. The City's remaining commitment to contractors for all projects is \$837,579 at year end. Projects include wastewater line extensions and construction of a fire station.

4. Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

M. Closure and Postclosure Care Cost

The City closed its landfill during the year ended September 30, 1994 and began transferring its solid waste to a privately operated landfill. The City has met certain deadline dates of the Environmental Protection Agency's Subtitle D landfill closure requirements and as such the City is exempt from any post-closure care and/or monitoring. Therefore, the City has not recorded any liability for post-closure care or monitoring. All closure costs are expensed as incurred. There were no landfill related expenses during the year ended September 30, 2008.

This page was intentionally left blank.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

CITY OF HUNTSVILLE, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT B-1

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Property taxes	\$ 2,433,000	\$ 2,433,000	\$ 2,745,391	\$ 312,391
Sales tax	5,650,000	5,650,000	6,072,299	422,299
Other taxes	71,100	71,100	79,918	8,818
Licenses and permits	218,620	218,620	313,952	95,332
Charges for sales and services	275,987	275,987	273,990	(1,997)
Fines, fees, and forfeitures	803,850	803,850	837,395	33,545
Donations, contributions, and grants	101,320	110,920	145,063	34,143
Investment income	263,000	263,000	276,374	13,374
Other	369,080	371,588	464,864	93,276
Administrative cost reimbursement	4,958,864	4,958,864	4,958,864	--
Total Revenues	15,144,821	15,156,929	16,168,110	1,011,181
EXPENDITURES:				
Charter office	1,006,704	1,047,299	972,581	74,718
Finance	1,208,373	1,209,375	1,139,760	69,615
Administrative services	3,127,786	3,125,659	2,886,470	239,189
Public works	1,984,403	1,995,954	1,720,085	275,869
Community services	2,117,967	2,123,419	1,891,319	232,100
Public safety	5,322,677	5,385,582	5,355,390	30,192
Debt Service:				
Principal retirement	130,000	130,000	130,000	--
Interest and fiscal charges	23,443	23,443	23,443	--
Total Expenditures	14,921,353	15,040,731	14,119,048	921,683
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	223,468	116,198	2,049,062	1,932,864
OTHER FINANCING SOURCES (USES)				
Transfers in	311,343	1,123,400	1,141,677	18,277
Transfers out	(385,049)	(1,497,010)	(1,499,210)	(2,200)
Total other financing sources (uses)	(73,706)	(373,610)	(357,533)	16,077
NET CHANGE IN FUND BALANCES	149,762	(257,412)	1,691,529	1,948,941
FUND BALANCE, Beginning of period	6,273,357	6,273,357	6,273,357	--
FUND BALANCE, End of period	\$ 6,423,119	\$ 6,015,945	\$ 7,964,886	\$ 1,948,941

CITY OF HUNTSVILLE, TEXAS
STREET SPECIAL REVENUE
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT B-2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
<i>Franchise fees</i>	\$ 2,320,679	\$ 2,320,679	\$ 2,204,367	\$ (116,312)
<i>Charges for sales and services</i>	48,000	48,000	53,172	5,172
<i>Donations, contributions, and grants</i>	--	--	88,765	88,765
<i>Investment income</i>	40,000	40,000	38,975	(1,025)
<i>Other</i>	--	--	6,257	6,257
Total Revenues	<u>2,408,679</u>	<u>2,408,679</u>	<u>2,391,536</u>	<u>(17,143)</u>
EXPENDITURES:				
<i>Public works</i>	2,870,925	3,089,718	2,927,162	162,556
Total Expenditures	<u>2,870,925</u>	<u>3,089,718</u>	<u>2,927,162</u>	<u>162,556</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(462,246)</u>	<u>(681,039)</u>	<u>(535,626)</u>	<u>145,413</u>
OTHER FINANCING SOURCES (USES)				
<i>Transfers in</i>	482,118	521,242	521,242	--
<i>Transfers out</i>	(18,100)	(79,280)	(79,280)	--
Total other financing sources (uses)	<u>464,018</u>	<u>441,962</u>	<u>441,962</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	<u>1,772</u>	<u>(239,077)</u>	<u>(93,664)</u>	<u>145,413</u>
FUND BALANCE, Beginning of period	<u>1,287,438</u>	<u>1,287,438</u>	<u>1,287,438</u>	<u>--</u>
FUND BALANCE, End of period	<u>\$ 1,289,210</u>	<u>\$ 1,048,361</u>	<u>\$ 1,193,774</u>	<u>\$ 145,413</u>

CITY OF HUNTSVILLE, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

TEXAS MUNICIPAL RETIREMENT SYSTEM

YEAR ENDED SEPTEMBER 30, 2008

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/95	\$ 6,020,018	\$ 11,448,894	\$ 5,428,876	52.6%	\$ 6,645,505	81.69%
12/31/96	7,486,917	14,716,980	7,230,063	50.9%	6,969,972	103.73%
12/31/97	9,482,548	16,148,307	6,665,759	58.7%	7,371,413	90.43%
12/31/98	11,840,882	19,146,847	7,305,965	61.8%	7,994,046	91.39%
12/31/99	14,033,005	21,674,979	7,641,974	64.7%	8,002,647	95.49%
12/31/00	15,957,208	23,848,886	7,891,678	66.9%	8,369,082	94.30%
12/31/01	17,983,122	26,223,426	8,240,304	68.6%	8,849,367	93.12%
12/31/02	20,172,871	29,786,372	9,613,501	67.7%	9,767,300	98.43%
12/31/03	21,317,292	33,504,263	12,186,971	63.6%	8,753,684	139.22%
12/31/04	23,461,827	35,599,317	12,137,490	65.9%	9,602,604	126.40%
12/31/05	24,386,073	37,120,033	12,733,960	65.7%	9,655,475	131.88%
12/31/06	25,314,524	38,560,912	13,246,388	65.6%	10,198,416	129.89%
12/31/07	25,879,876	47,764,663	21,884,787	54.2%	10,742,813	203.72%
		2008	2007	2006	2005	2004
Net Pension Obligation (NPO) at the Beginning of Period	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Annual Pension Cost:						
Annual Required Contribution (ARC)	\$ 1,865,203	\$ 1,782,196	\$ 1,686,797	\$ 1,629,732	\$ 1,464,397	
Interest on NPO	--	--	--	--	--	--
Adjustment to the ARC	--	--	--	--	--	--
Total Annual Pension Cost	\$ 1,865,203	\$ 1,782,196	\$ 1,686,797	\$ 1,629,732	\$ 1,464,397	
Contributions Made	\$ (1,865,203)	\$ (1,782,196)	\$ (1,686,797)	\$ (1,629,732)	\$ (1,464,397)	
Increase in NPO	--	--	--	--	--	--
NPO at the End of the Period	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Percentage of Annual Pension Cost	100%	100%	100%	100%	100%	100%

*Combining Statements and Budget Comparisons
as Supplementary Information*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

CITY OF HUNTSVILLE, TEXAS**COMBINING BALANCE SHEET****NONMAJOR GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2008

	Special Revenue Funds	Debt Service Fund
ASSETS:		
Cash and cash equivalents	\$ 1,172,285	\$ 225,860
Accounts receivable:		
Receivables (net of allowances for uncollectibles)	26,825	--
Property taxes	--	91,426
Grants	12,874	--
Other	52,579	--
Due from other funds	41,569	--
Inventories	29,227	--
Total Assets	\$ 1,335,359	\$ 317,286
LIABILITIES:		
Accounts payable	\$ 20,993	\$ --
Deferred revenue	--	91,426
Accrued liabilities	21,849	--
Due to other funds	48,282	--
Due to other governments	133,871	--
Due to others	315	--
Total Liabilities	225,310	91,426
FUND BALANCES:		
Reserved for inventory	29,227	--
Reserved for debt service	--	225,860
Unreserved, reported in:		
Special revenue funds	1,080,822	--
Capital projects funds	--	--
Permanent funds	--	--
Total Fund Balances	1,110,049	225,860
Total Liabilities and Fund Balance	\$ 1,335,359	\$ 317,286

Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
\$ 1,954,334	\$ 458,694	\$ 3,811,173
--	--	26,825
--	--	91,426
--	--	12,874
--	--	52,579
--	--	41,569
--	--	29,227
<u>\$ 1,954,334</u>	<u>\$ 458,694</u>	<u>\$ 4,065,673</u>
\$ 583	\$ --	\$ 21,576
--	--	91,426
--	--	21,849
--	--	48,282
--	--	133,871
--	--	315
<u>583</u>	<u>--</u>	<u>317,319</u>
--	--	29,227
--	--	225,860
--	--	1,080,822
1,953,751	--	1,953,751
--	458,694	458,694
<u>1,953,751</u>	<u>458,694</u>	<u>3,748,354</u>
<u>\$ 1,954,334</u>	<u>\$ 458,694</u>	<u>\$ 4,065,673</u>

CITY OF HUNTSVILLE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Special Revenue Funds	Debt Service Fund
REVENUES:		
Property taxes	\$ 97	\$ 1,980,220
Other taxes	592,609	--
Charges for sales and services	282,125	--
Fines, fees, and forfeitures	41,237	--
Donations, contributions, and grants	156,333	--
Investment income	29,282	17,447
Other	2,150	--
Total Revenues	1,103,833	1,997,667
EXPENDITURES:		
Finance	71,517	--
Public works	10,490	--
Community services	556,250	--
Public safety	490,652	--
Debt Service:		
Principal retirement	--	846,916
Interest and fiscal charges	--	771,922
Total Expenditures	1,128,909	1,618,838
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(25,076)	378,829
OTHER FINANCING SOURCES (USES)		
Transfers in	201,739	--
Transfers out	(91,167)	(247,467)
Total other financing sources (uses)	110,572	(247,467)
NET CHANGE IN FUND BALANCES	85,496	131,362
FUND BALANCE, Beginning of period	1,024,553	94,498
FUND BALANCE, End of period	\$ 1,110,049	\$ 225,860

Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
\$ --	\$ --	\$ 1,980,317
--	--	592,609
--	--	282,125
--	--	41,237
83,105	236	239,674
65,233	15,755	127,717
31,646	--	33,796
<u>179,984</u>	<u>15,991</u>	<u>3,297,475</u>
--	--	71,517
20,000	--	30,490
262,650	--	818,900
--	--	490,652
--	--	846,916
--	--	771,922
<u>282,650</u>	<u>--</u>	<u>3,030,397</u>
(102,666)	15,991	267,078
1,060,245	--	1,261,984
(69,124)	(11,516)	(419,274)
<u>991,121</u>	<u>(11,516)</u>	<u>842,710</u>
888,455	4,475	1,109,788
1,065,296	454,219	2,638,566
<u>\$ 1,953,751</u>	<u>\$ 458,694</u>	<u>\$ 3,748,354</u>

CITY OF HUNTSVILLE, TEXAS

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2008

	Municipal Court Security & Technology	Police Forfeiture Fund	Hotel Motel Tourism
ASSETS:			
Cash and cash equivalents	\$ 123,247	\$ 166,838	\$ 549,111
Accounts receivable:			
Receivables (net of allowances for uncollectibles)	--	--	4,004
Grants	--	--	--
Other	--	--	45,068
Due from other funds	76	--	--
Inventories	--	--	29,227
Total Assets	\$ 123,323	\$ 166,838	\$ 627,410
LIABILITIES:			
Accounts payable	\$ 23	\$ --	\$ 4,824
Accrued liabilities	2,135	--	--
Due to other funds	266	--	--
Due to other governments	--	133,871	--
Due to others	--	--	270
Total Liabilities	2,424	133,871	5,094
FUND BALANCES:			
Reserved for inventory	--	--	29,227
Unreserved, reported in:			
Special revenue funds	120,899	32,967	593,089
Total Fund Balances	120,899	32,967	622,316
Total Liabilities and Fund Balance	\$ 123,323	\$ 166,838	\$ 627,410

Airport	Library	School Resource Officer	Police Grants
\$ 41,421	\$ 48,158	\$ 355	\$ 46,243
--	--	20,771	--
--	--	4,874	8,000
--	--	--	--
68	--	40,811	598
--	--	--	--
<u>\$ 41,489</u>	<u>\$ 48,158</u>	<u>\$ 66,811</u>	<u>\$ 54,841</u>
\$ --	\$ 914	\$ 3,740	\$ --
445	--	15,037	--
--	--	48,016	--
--	--	--	--
--	--	--	--
<u>445</u>	<u>914</u>	<u>66,793</u>	<u>--</u>
--	--	--	--
<u>41,044</u>	<u>47,244</u>	<u>18</u>	<u>54,841</u>
<u>41,044</u>	<u>47,244</u>	<u>18</u>	<u>54,841</u>
<u>\$ 41,489</u>	<u>\$ 48,158</u>	<u>\$ 66,811</u>	<u>\$ 54,841</u>

This page was intentionally left blank.

CITY OF HUNTSVILLE, TEXAS**COMBINING BALANCE SHEET****NONMAJOR SPECIAL REVENUE FUNDS**

SEPTEMBER 30, 2008

	Arts Center	Area Revitalization Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
ASSETS:			
Cash and cash equivalents	\$ 90,354	\$ 106,558	\$ 1,172,285
Accounts receivable:			
Receivables (net of allowances for uncollectibles)	--	2,050	26,825
Grants	--	--	12,874
Other	7,511	--	52,579
Due from other funds	16	--	41,569
Inventories	--	--	29,227
Total Assets	\$ 97,881	\$ 108,608	\$ 1,335,359
LIABILITIES:			
Accounts payable	\$ 11,492	\$ --	\$ 20,993
Accrued liabilities	4,232	--	21,849
Due to other funds	--	--	48,282
Due to other governments	--	--	133,871
Due to others	45	--	315
Total Liabilities	15,769	--	225,310
FUND BALANCES:			
Reserved for inventory	--	--	29,227
Unreserved, reported in:			
Special revenue funds	82,112	108,608	1,080,822
Total Fund Balances	82,112	108,608	1,110,049
Total Liabilities and Fund Balance	\$ 97,881	\$ 108,608	\$ 1,335,359

CITY OF HUNTSVILLE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Municipal Court Security & Technology	Police Forfeiture Fund	Hotel Motel Tourism
REVENUES:			
Property taxes	\$ --	\$ --	\$ --
Other taxes	--	--	505,063
Charges for sales and services	--	--	33,671
Fines, fees, and forfeitures	32,685	2,208	--
Donations, contributions, and grants	--	--	4,150
Investment income	4,621	1,604	10,572
Other	106	--	--
Total Revenues	<u>37,412</u>	<u>3,812</u>	<u>553,456</u>
EXPENDITURES:			
Finance	71,517	--	--
Public works	--	--	--
Community services	--	--	330,106
Public safety	--	--	--
Total Expenditures	<u>71,517</u>	<u>--</u>	<u>330,106</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(34,105)</u>	<u>3,812</u>	<u>223,350</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	10,000	--	--
Transfers out	(2,450)	--	(50,000)
Total other financing sources (uses)	<u>7,550</u>	<u>--</u>	<u>(50,000)</u>
NET CHANGE IN FUND BALANCES	<u>(26,555)</u>	<u>3,812</u>	<u>173,350</u>
FUND BALANCE, Beginning of period	147,454	29,155	448,966
FUND BALANCE, End of period	<u>\$ 120,899</u>	<u>\$ 32,967</u>	<u>\$ 622,316</u>

Airport	Library	School Resource Officer	Police Grants	Arts Center
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	87,546
--	--	248,148	--	306
423	15	--	--	5,906
--	14,919	21,511	31,078	3,051
1,568	1,415	1,492	1,035	3,462
905	--	967	125	47
<u>2,896</u>	<u>16,349</u>	<u>272,118</u>	<u>32,238</u>	<u>100,318</u>
--	--	--	--	--
10,490	--	--	--	--
--	10,022	--	--	205,461
--	--	475,549	15,103	--
<u>10,490</u>	<u>10,022</u>	<u>475,549</u>	<u>15,103</u>	<u>205,461</u>
(7,594)	6,327	(203,431)	17,135	(105,143)
--	--	125,930	--	65,809
--	--	(15,330)	--	(5,110)
--	--	<u>110,600</u>	--	<u>60,699</u>
(7,594)	6,327	(92,831)	17,135	(44,444)
48,638	40,917	92,849	37,706	126,556
<u>\$ 41,044</u>	<u>\$ 47,244</u>	<u>\$ 18</u>	<u>\$ 54,841</u>	<u>\$ 82,112</u>

CITY OF HUNTSVILLE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Federal Grants Fund	Area Revitalization Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
REVENUES:			
Property taxes	\$ --	\$ 97	\$ 97
Other taxes	--	--	592,609
Charges for sales and services	--	--	282,125
Fines, fees, and forfeitures	--	--	41,237
Donations, contributions, and grants	--	81,624	156,333
Investment income	250	3,263	29,282
Other	--	--	2,150
Total Revenues	250	84,984	1,103,833
EXPENDITURES:			
Finance	--	--	71,517
Public works	--	--	10,490
Community services	2,546	8,115	556,250
Public safety	--	--	490,652
Total Expenditures	2,546	8,115	1,128,909
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,296)	76,869	(25,076)
OTHER FINANCING SOURCES (USES)			
Transfers in	--	--	201,739
Transfers out	(18,277)	--	(91,167)
Total other financing sources (uses)	(18,277)	--	110,572
NET CHANGE IN FUND BALANCES	(20,573)	76,869	85,496
FUND BALANCE, Beginning of period	20,573	31,739	1,024,553
FUND BALANCE, End of period	\$ --	\$ 108,608	\$ 1,110,049

CITY OF HUNTSVILLE, TEXAS

MUNICIPAL COURT SECURITY & TECHNOLOGY FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT C-5

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
<i>Fines, fees, and forfeitures</i>	\$ 35,000	\$ 35,000	\$ 32,685	\$ (2,315)
<i>Investment income</i>	3,400	3,400	4,621	1,221
<i>Other</i>	--	--	106	106
Total Revenues	38,400	38,400	37,412	(988)
EXPENDITURES:				
<i>Finance</i>	73,334	73,334	71,517	1,817
Total Expenditures	73,334	73,334	71,517	1,817
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(34,934)	(34,934)	(34,105)	829
OTHER FINANCING SOURCES (USES)				
<i>Transfers in</i>	10,000	10,000	10,000	--
<i>Transfers out</i>	--	(2,450)	(2,450)	--
Total other financing sources (uses)	10,000	7,550	7,550	--
NET CHANGE IN FUND BALANCES	(24,934)	(27,384)	(26,555)	829
FUND BALANCE, Beginning of period	147,454	147,454	147,454	--
FUND BALANCE, End of period	\$ 122,520	\$ 120,070	\$ 120,899	\$ 829

CITY OF HUNTSVILLE, TEXAS
HOTEL MOTEL - TOURISM
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT C-6

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other taxes	\$ 400,000	\$ 400,000	\$ 505,063	\$ 105,063
Charges for sales and services	--	--	33,671	33,671
Donations, contributions, and grants	--	--	4,150	4,150
Investment income	4,600	4,600	10,572	5,972
Total Revenues	404,600	404,600	553,456	148,856
EXPENDITURES:				
Community services	326,160	332,023	330,106	1,917
Total Expenditures	326,160	332,023	330,106	1,917
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	78,440	72,577	223,350	150,773
OTHER FINANCING SOURCES (USES)				
Transfers out	(50,000)	(50,000)	(50,000)	--
Total other financing sources (uses)	(50,000)	(50,000)	(50,000)	--
NET CHANGE IN FUND BALANCES	28,440	22,577	173,350	150,773
FUND BALANCE, Beginning of period	448,966	448,966	448,966	--
FUND BALANCE, End of period	\$ 477,406	\$ 471,543	\$ 622,316	\$ 150,773

CITY OF HUNTSVILLE, TEXAS

EXHIBIT C-7

AIRPORT FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
<i>Fines, fees, and forfeitures</i>	\$ 1,200	\$ 1,200	\$ 423	\$ (777)
<i>Donations, contributions, and grants</i>	7,000	7,000	—	(7,000)
<i>Investment income</i>	1,750	1,750	1,568	(182)
<i>Other</i>	--	--	905	905
Total Revenues	9,950	9,950	2,896	(7,054)
EXPENDITURES:				
<i>Public works</i>	21,913	21,913	10,490	11,423
Total Expenditures	21,913	21,913	10,490	11,423
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(11,963)	(11,963)	(7,594)	4,369
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	--	--	--	--
NET CHANGE IN FUND BALANCES	(11,963)	(11,963)	(7,594)	4,369
FUND BALANCE, Beginning of period	48,638	48,638	48,638	--
FUND BALANCE, End of period	\$ 36,675	\$ 36,675	\$ 41,044	\$ 4,369

CITY OF HUNTSVILLE, TEXAS
LIBRARY PROJECT FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT C-8

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
<i>Fines, fees, and forfeitures</i>	\$ --	\$ --	\$ 15	\$ 15
<i>Donations, contributions, and grants</i>	20,971	20,971	14,919	(6,052)
<i>Investment income</i>	1,200	1,200	1,415	215
Total Revenues	<u>22,171</u>	<u>22,171</u>	<u>16,349</u>	<u>(5,822)</u>
EXPENDITURES:				
<i>Community services</i>	20,921	20,921	10,022	10,899
Total Expenditures	<u>20,921</u>	<u>20,921</u>	<u>10,022</u>	<u>10,899</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,250</u>	<u>1,250</u>	<u>6,327</u>	<u>5,077</u>
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	<u>1,250</u>	<u>1,250</u>	<u>6,327</u>	<u>5,077</u>
FUND BALANCE, Beginning of period	<u>40,917</u>	<u>40,917</u>	<u>40,917</u>	<u>--</u>
FUND BALANCE End of period	<u>\$ 42,167</u>	<u>\$ 42,167</u>	<u>\$ 47,244</u>	<u>\$ 5,077</u>

CITY OF HUNTSVILLE, TEXAS

POLICE DEPARTMENT SCHOOL RESOURCE OFFICER
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT C-9

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for sales and services	\$ 249,256	\$ 249,256	\$ 248,148	\$ (1,108)
Donations, contributions, and grants	29,200	29,200	21,511	(7,689)
Investment income	8,000	8,000	1,492	(6,508)
Other	--	--	967	967
Total Revenues	286,456	286,456	272,118	(14,338)
EXPENDITURES:				
Public safety	473,649	484,827	475,549	9,278
Total Expenditures	473,649	484,827	475,549	9,278
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(187,193)	(198,371)	(203,431)	(5,060)
OTHER FINANCING SOURCES (USES)				
Transfers in	85,930	125,930	125,930	--
Transfers out	(15,330)	(15,330)	(15,330)	--
Total other financing sources (uses)	70,600	110,600	110,600	--
NET CHANGE IN FUND BALANCES	(116,593)	(87,771)	(92,831)	(5,060)
FUND BALANCE, Beginning of period	92,849	92,849	92,849	--
FUND BALANCE, End of period	\$ (23,744)	\$ 5,078	\$ 18	\$ (5,060)

CITY OF HUNTSVILLE, TEXAS

EXHIBIT C-10

POLICE GRANTS

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
<i>Donations, contributions, and grants</i>	\$ 170,673	\$ 170,673	\$ 31,078	\$ (139,595)
<i>Investment income</i>	--	--	1,035	1,035
<i>Other</i>	--	--	125	125
Total Revenues	170,673	170,673	32,238	(138,435)
EXPENDITURES:				
<i>Public safety</i>	197,243	197,243	15,103	182,140
Total Expenditures	197,243	197,243	15,103	182,140
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(26,570)	(26,570)	17,135	43,705
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	--	--	--	--
NET CHANGE IN FUND BALANCES	(26,570)	(26,570)	17,135	43,705
FUND BALANCE, Beginning of period	37,706	37,706	37,706	--
FUND BALANCE End of period	\$ 11,136	\$ 11,136	\$ 54,841	\$ 43,705

CITY OF HUNTSVILLE, TEXAS

ARTS CENTER SRF
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT C-11

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other taxes	\$ 64,000	\$ 64,000	\$ 87,546	\$ 23,546
Charges for sales and services	500	500	306	(194)
Fines, fees, and forfeitures	11,000	11,000	5,906	(5,094)
Donations, contributions, and grants	--	1,750	3,051	1,301
Investment income	1,200	1,200	3,462	2,262
Other	--	--	47	47
Total Revenues	76,700	78,450	100,318	21,868
EXPENDITURES:				
Community services	206,435	208,527	205,461	3,066
Total Expenditures	206,435	208,527	205,461	3,066
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(129,735)	(130,077)	(105,143)	24,934
OTHER FINANCING SOURCES (USES)				
Transfers in	105,809	105,809	65,809	(40,000)
Transfers out	(5,110)	(5,110)	(5,110)	--
Total other financing sources (uses)	100,699	100,699	60,699	(40,000)
NET CHANGE IN FUND BALANCES	(29,036)	(29,378)	(44,444)	(15,066)
FUND BALANCE, Beginning of period	126,556	126,556	126,556	--
FUND BALANCE, End of period	\$ 97,520	\$ 97,178	\$ 82,112	\$ (15,066)

CITY OF HUNTSVILLE, TEXAS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT C-12

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
<i>Property taxes</i>	\$ 1,775,000	\$ 1,775,000	\$ 1,980,220	\$ 205,220
<i>Investment income</i>	30,000	30,000	17,447	(12,553)
Total Revenues	<u>1,805,000</u>	<u>1,805,000</u>	<u>1,997,667</u>	<u>192,667</u>
EXPENDITURES:				
Debt Service:				
<i>Principal retirement</i>	846,892	846,892	846,916	(24)
<i>Interest and fiscal charges</i>	771,950	771,950	771,922	28
Total Expenditures	<u>1,618,842</u>	<u>1,618,842</u>	<u>1,618,838</u>	<u>4</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>186,158</u>	<u>186,158</u>	<u>378,829</u>	<u>192,671</u>
OTHER FINANCING SOURCES (USES)				
<i>Transfers out</i>	(247,467)	(247,467)	(247,467)	—
Total other financing sources (uses)	<u>(247,467)</u>	<u>(247,467)</u>	<u>(247,467)</u>	<u>—</u>
NET CHANGE IN FUND BALANCES	(61,309)	(61,309)	131,362	192,671
FUND BALANCE, Beginning of period	94,498	94,498	94,498	—
FUND BALANCE, End of period	<u>\$ 33,189</u>	<u>\$ 33,189</u>	<u>\$ 225,860</u>	<u>\$ 192,671</u>

This page was intentionally left blank.

CITY OF HUNTSVILLE, TEXAS
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
SEPTEMBER 30, 2008

	Street Capital Projects	General Capital Improvements	Swimming Pool
ASSETS:			
<i>Cash and cash equivalents</i>	\$ 51	\$ 1,377,882	\$ 351,385
Total Assets	<u>\$ 51</u>	<u>\$ 1,377,882</u>	<u>\$ 351,385</u>
LIABILITIES:			
<i>Accounts payable</i>	\$ --	\$ 233	\$ 350
Total Liabilities	<u>--</u>	<u>233</u>	<u>350</u>
FUND BALANCES:			
<i>Unreserved, reported in:</i>			
<i>Capital projects funds</i>	51	1,377,649	351,035
Total Fund Balances	<u>51</u>	<u>1,377,649</u>	<u>351,035</u>
Total Liabilities and Fund Balance	<u>\$ 51</u>	<u>\$ 1,377,882</u>	<u>\$ 351,385</u>

Fire Station West Side	Cemetery Projects	Land Acquisition	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
\$ 78,613	\$ 31,965	\$ 114,438	\$ 1,954,334
<u>\$ 78,613</u>	<u>\$ 31,965</u>	<u>\$ 114,438</u>	<u>\$ 1,954,334</u>
\$ --	\$ --	\$ --	\$ 583
<u>--</u>	<u>--</u>	<u>--</u>	<u>583</u>
78,613	31,965	114,438	1,953,751
<u>78,613</u>	<u>31,965</u>	<u>114,438</u>	<u>1,953,751</u>
<u>\$ 78,613</u>	<u>\$ 31,965</u>	<u>\$ 114,438</u>	<u>\$ 1,954,334</u>

CITY OF HUNTSVILLE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Street Capital Projects	General Capital Improvements	Swimming Pool
REVENUES:			
<i>Donations, contributions, and grants</i>	\$ --	\$ --	\$ 51,150
<i>Investment income</i>	1,205	47,939	10,221
<i>Other</i>	--	--	9,536
Total Revenues	<u>1,205</u>	<u>47,939</u>	<u>70,907</u>
EXPENDITURES:			
<i>Public works</i>	20,000	--	--
<i>Community services</i>	--	248,698	13,952
Total Expenditures	<u>20,000</u>	<u>248,698</u>	<u>13,952</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(18,795)</u>	<u>(200,759)</u>	<u>56,955</u>
OTHER FINANCING SOURCES (USES)			
<i>Transfers in</i>	--	1,060,245	--
<i>Transfers out</i>	(29,797)	(30,000)	--
Total other financing sources (uses)	<u>(29,797)</u>	<u>1,030,245</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	(48,592)	829,486	56,955
FUND BALANCE, Beginning of period	48,643	548,163	294,080
FUND BALANCE, End of period	<u>\$ 51</u>	<u>\$ 1,377,649</u>	<u>\$ 351,035</u>

Fire Station West Side	Cemetery Projects	Land Acquisition	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
\$ --	\$ 31,955	\$ --	\$ 83,105
2,436	10	3,422	65,233
--	--	22,110	31,646
<u>2,436</u>	<u>31,965</u>	<u>25,532</u>	<u>179,984</u>
--	--	--	20,000
--	--	--	262,650
<u>--</u>	<u>--</u>	<u>--</u>	<u>282,650</u>
 2,436	 31,965	 25,532	 (102,666)
--	--	--	1,060,245
--	--	(9,327)	(69,124)
<u>--</u>	<u>--</u>	<u>(9,327)</u>	<u>991,121</u>
2,436	31,965	16,205	888,455
76,177	--	98,233	1,065,296
<u>\$ 78,613</u>	<u>\$ 31,965</u>	<u>\$ 114,438</u>	<u>\$ 1,953,751</u>

CITY OF HUNTSVILLE, TEXAS

COMBINING BALANCE SHEET
 NONMAJOR PERMANENT FUNDS
 SEPTEMBER 30, 2008

	Library Endowment Nonexpendable Trust Fund	Oakwood Cemetery Endowment	Total Nonmajor Permanent Funds (See Exhibit C-1)
ASSETS:			
<i>Cash and cash equivalents</i>	\$ 104,319	\$ 354,375	\$ 458,694
Total Assets	<u>\$ 104,319</u>	<u>\$ 354,375</u>	<u>\$ 458,694</u>
LIABILITIES:			
Total Liabilities	<u>--</u>	<u>--</u>	<u>--</u>
FUND BALANCES:			
<i>Unreserved, reported in:</i>			
<i>Permanent funds</i>	\$ 104,319	\$ 354,375	\$ 458,694
Total Fund Balances	<u>104,319</u>	<u>354,375</u>	<u>458,694</u>
Total Liabilities and Fund Balance	<u>\$ 104,319</u>	<u>\$ 354,375</u>	<u>\$ 458,694</u>

CITY OF HUNTSVILLE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Library Endowment Nonexpendable Trust Fund	Oakwood Cemetery Endowment	Total Nonmajor Permanent Funds (See Exhibit C-2)
REVENUES:			
<i>Donations, contributions, and grants</i>	\$ --	\$ 236	\$ 236
<i>Investment income</i>	3,512	12,243	15,755
Total Revenues	<u>3,512</u>	<u>12,479</u>	<u>15,991</u>
EXPENDITURES:			
Total Expenditures	<u>--</u>	<u>--</u>	<u>--</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,512</u>	<u>12,479</u>	<u>15,991</u>
OTHER FINANCING SOURCES (USES)			
<i>Transfers out</i>	--	(11,516)	(11,516)
Total other financing sources (uses)	<u>--</u>	<u>(11,516)</u>	<u>(11,516)</u>
NET CHANGE IN FUND BALANCES	3,512	963	4,475
FUND BALANCE, Beginning of period	100,807	353,412	454,219
FUND BALANCE, End of period	<u>\$ 104,319</u>	<u>\$ 354,375</u>	<u>\$ 458,694</u>

CITY OF HUNTSVILLE, TEXAS
LIBRARY ENDOWMENT
PERMANENT FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT C-17

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
<i>Investment income</i>	\$ 4,800	\$ 4,800	\$ 3,512	\$ (1,288)
Total Revenues	4,800	4,800	3,512	(1,288)
EXPENDITURES:				
Total Expenditures	--	--	--	--
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,800	4,800	3,512	(1,288)
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	--	--	--	--
NET CHANGE IN FUND BALANCES	4,800	4,800	3,512	(1,288)
FUND BALANCE, Beginning of period	100,807	100,807	100,807	--
FUND BALANCE, End of period	\$ 105,607	\$ 105,607	\$ 104,319	\$ (1,288)

CITY OF HUNTSVILLE, TEXAS
OAKWOOD CEMETERY ENDOWMENT
PERMANENT FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT C-18

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
<i>Donations, contributions, and grants</i>	\$ --	\$ --	\$ 236	\$ 236
<i>Investment income</i>	16,700	16,700	12,243	(4,457)
Total Revenues	<u>16,700</u>	<u>16,700</u>	<u>12,479</u>	<u>(4,221)</u>
EXPENDITURES:				
Total Expenditures	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>16,700</u>	<u>16,700</u>	<u>12,479</u>	<u>(4,221)</u>
OTHER FINANCING SOURCES (USES)				
<i>Transfers out</i>	(16,700)	(16,700)	(11,516)	5,184
Total other financing sources (uses)	<u>(16,700)</u>	<u>(16,700)</u>	<u>(11,516)</u>	<u>5,184</u>
NET CHANGE IN FUND BALANCES	<u>--</u>	<u>--</u>	<u>963</u>	<u>963</u>
FUND BALANCE, Beginning of period	<u>353,412</u>	<u>353,412</u>	<u>353,412</u>	<u>--</u>
FUND BALANCE, End of period	<u>\$ 353,412</u>	<u>\$ 353,412</u>	<u>\$ 354,375</u>	<u>\$ 963</u>

CITY OF HUNTSVILLE, TEXAS

EXHIBIT C-19

WATER FUND

ENTERPRISE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES:				
Service Charges:				
Water sales	\$ 9,719,527	\$ 9,719,527	\$ 10,259,587	\$ 540,060
Inter-department sales and services	306,410	306,410	306,410	--
Total service charges	10,025,937	10,025,937	10,565,997	540,060
Service Fees and Miscellaneous:				
Tap and connection fees	113,000	113,000	145,034	32,034
Customer penalties and miscellaneous	40,900	40,900	66,608	25,708
Grants and contributions	--	--	102,466	102,466
Total service fees and miscellaneous	153,900	153,900	314,108	160,208
Total Operating Revenues	10,179,837	10,179,837	10,880,105	700,268
OPERATING EXPENSES:				
Administration	3,042,619	3,001,291	2,926,333	74,958
Water production and distribution	1,963,435	2,002,617	1,543,826	458,791
TRA joint venture	3,121,381	3,567,698	3,567,598	--
Utility billing/customer service	612,819	614,965	565,230	49,735
Depreciation expense	--	--	475,258	(475,258)
Total Expenditures	8,740,254	9,186,571	9,078,345	108,226
OPERATING INCOME (LOSS)	1,439,583	993,266	1,801,760	808,494
NONOPERATING REVENUES (EXPENSES):				
Interest income	255,000	255,000	329,512	74,512
Interest expense	(721,101)	(759,155)	(760,579)	(1,424)
Total Non-operating Revenues (Expenses)	(466,101)	(504,155)	(431,067)	73,088
INCOME (LOSS) BEFORE CONTRIBUTIONS/TRANSFERS	973,482	489,111	1,370,693	881,582
CONTRIBUTIONS AND TRANSFERS :				
Transfers in	22,500	22,500	496,621	474,121
Transfers out	(119,317)	(4,278,631)	(1,648,840)	2,629,791
Total Contributions and Transfers	(96,817)	(4,256,131)	(1,152,219)	3,103,912
CHANGE IN NET ASSETS	876,665	(3,767,020)	218,474	3,985,494
TOTAL NET ASSETS - beginning	28,364,296	28,364,296	28,364,296	--
TOTAL NET ASSETS - end	\$ 29,240,961	\$ 24,597,276	\$ 28,582,770	\$ 3,985,494

CITY OF HUNTSVILLE, TEXAS
WASTEWATER FUND
ENTERPRISE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT C-20

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES:				
Service Charges:				
Wastewater sales and services	\$ 7,800,000	\$ 7,800,000	\$ 8,275,703	\$ 475,703
Inter-department sales and services	60,833	60,833	60,833	--
Total service charges	7,860,833	7,860,833	8,336,536	475,703
Service Fees and Miscellaneous:				
Tap and connection fees	45,000	45,000	50,440	5,440
Customer penalties and miscellaneous	49,000	49,000	85,010	36,010
Grants and contributions	--	1,725	245,033	243,308
Total service fees and miscellaneous	94,000	95,725	380,483	284,758
Total Operating Revenues	7,954,833	7,956,558	8,717,019	760,461
OPERATING EXPENSES:				
Administration	2,501,688	2,467,906	2,448,680	19,226
Wastewater collection and treatment	2,711,178	2,970,866	2,622,278	348,588
Lab/compliance	243,331	227,501	226,705	796
Depreciation expense	--	--	2,157,295	(2,157,295)
Total Expenditures	5,456,197	5,666,273	7,454,958	(1,788,685)
OPERATING INCOME (LOSS)	2,498,636	2,290,285	1,262,061	(1,028,224)
NONOPERATING REVENUES (EXPENSES):				
Interest income	264,000	264,000	291,789	27,789
Interest expense	(714,186)	(714,186)	(731,388)	(17,202)
Total Non-operating Revenues (Expenses)	(450,186)	(450,186)	(439,599)	10,587
INCOME (LOSS) BEFORE CONTRIBUTIONS/TRANSFERS	2,048,450	1,840,099	822,462	(1,017,637)
CONTRIBUTIONS AND TRANSFERS :				
Transfers out	(596,545)	(1,269,751)	(1,355,230)	(85,479)
Total Contributions and Transfers	(596,545)	(1,269,751)	(1,355,230)	(85,479)
CHANGE IN NET ASSETS	1,451,905	570,348	(532,768)	(1,103,116)
TOTAL NET ASSETS - beginning	28,508,585	28,508,585	28,508,585	--
TOTAL NET ASSETS - end	\$ 29,960,490	\$ 29,078,933	\$ 27,975,817	\$ (1,103,116)

CITY OF HUNTSVILLE, TEXAS
SOLID WASTE FUND
ENTERPRISE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT C-21

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
OPERATING REVENUES:				
Service Charges:				
<i>Solid waste fees - residential and commercial</i>	\$ 3,174,550	\$ 3,174,550	\$ 3,308,513	\$ 134,963
<i>Solid waste fees - disposal</i>	711,000	711,000	740,398	29,398
Total service charges	3,885,550	3,885,550	4,048,911	164,361
Service Fees and Miscellaneous:				
<i>Customer penalties and miscellaneous</i>	53,000	53,000	86,925	33,925
<i>Grants and contributions</i>	--	--	10,641	10,641
Total service fees and miscellaneous	53,000	53,000	97,566	44,566
Total Operating Revenues	3,938,550	3,938,550	4,147,477	208,927
OPERATING EXPENSES:				
Administration	1,144,104	1,133,104	1,123,407	9,697
Solid waste collection and disposal	2,874,008	3,240,778	3,148,925	91,853
Depreciation expense	--	--	82,085	(82,085)
Total Expenditures	4,018,112	4,373,882	4,354,417	19,465
OPERATING INCOME (LOSS)	(79,562)	(435,332)	(206,940)	228,392
NONOPERATING REVENUES (EXPENSES):				
Interest income	72,000	72,000	60,516	(11,484)
Interest expense	(1,433)	(1,433)	(10,101)	(8,668)
Total Non-operating Revenues (Expenses)	70,567	70,567	50,415	(20,152)
INCOME (LOSS) BEFORE CONTRIBUTIONS/TRANSFERS	(8,995)	(364,765)	(156,525)	208,240
CONTRIBUTIONS AND TRANSFERS :				
Transfers out	(8,550)	(122,665)	(122,665)	--
Total Contributions and Transfers	(8,550)	(122,665)	(122,665)	--
CHANGE IN NET ASSETS	(17,545)	(487,430)	(279,190)	208,240
TOTAL NET ASSETS - beginning	2,188,503	2,188,503	2,188,503	--
TOTAL NET ASSETS - end	\$ 2,170,958	\$ 1,701,073	\$ 1,909,313	\$ 208,240

CITY OF HUNTSVILLE, TEXAS
OAKWOOD CEMETERY - OPERATING FUND
ENTERPRISE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT C-22

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES:				
Service Charges:				
<i>Cemetery operations</i>	\$ 15,000	\$ 15,000	\$ 11,930	\$ (3,070)
Total service charges	15,000	15,000	11,930	(3,070)
Service Fees and Miscellaneous:				
<i>Customer penalties and miscellaneous</i>	--	--	238	238
<i>Grants and contributions</i>	--	--	150	150
Total service fees and miscellaneous	--	--	388	388
Total Operating Revenues	15,000	15,000	12,318	(2,682)
OPERATING EXPENSES:				
<i>Cemetery operations</i>	133,826	133,826	122,322	11,504
Total Expenditures	133,826	133,826	122,322	11,504
OPERATING INCOME (LOSS)	(118,826)	(118,826)	(110,004)	8,822
NONOPERATING REVENUES (EXPENSES):				
<i>Interest income</i>	450	450	1,197	747
Total Non-operating Revenues (Expenses)	450	450	1,197	747
INCOME (LOSS) BEFORE CONTRIBUTIONS/TRANSFERS	(118,376)	(118,376)	(108,807)	9,569
CONTRIBUTIONS AND TRANSFERS :				
<i>Transfers in</i>	76,715	76,715	73,731	(2,984)
<i>Transfers out</i>	--	(5,110)	(5,110)	--
Total Contributions and Transfers	76,715	71,605	68,621	(2,984)
CHANGE IN NET ASSETS	(41,661)	(46,771)	(40,186)	6,585
TOTAL NET ASSETS - beginning	40,226	40,226	40,226	--
TOTAL NET ASSETS - end	\$ (1,435)	\$ (6,545)	\$ 40	\$ 6,585

CITY OF HUNTSVILLE, TEXAS
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2008

	Medical Insurance Fund	Equipment Replacement Fund	Computer Replacement Fund	Total Internal Service Funds (See Exhibit A-7)
ASSETS:				
Current Assets:				
<i>Cash and cash equivalents</i>	\$ 1,255,289	\$ 730,827	\$ 77,408	\$ 2,063,524
<i>Prepaid expenses</i>	49,068	--	--	49,068
<i>Receivables (net of allowances for uncollectibles)</i>	--	184,494	--	184,494
Total Current Assets	1,304,357	915,321	77,408	2,297,086
Noncurrent Assets				
<i>Capital assets (net of accumulated depreciation)</i>	--	4,153,676	805,614	4,959,290
Total Noncurrent Assets	--	4,153,676	805,614	4,959,290
Total Assets	\$ 1,304,357	\$ 5,068,997	\$ 883,022	\$ 7,256,376
LIABILITIES:				
Current Liabilities:				
<i>Accounts payable</i>	\$ 249,260	\$ 388,541	\$ 6,291	\$ 644,092
<i>Accrued interest</i>	--	15,177	--	15,177
<i>Noncurrent liabilities due within one year</i>	--	194,379	--	194,379
Total Current Liabilities	249,260	598,097	6,291	853,648
Noncurrent Liabilities-				
<i>Due in more than one year</i>	--	791,974	--	791,974
Total Noncurrent Liabilities	--	791,974	--	791,974
Total Liabilities	249,260	1,390,071	6,291	1,645,622
NET ASSETS:				
<i>Invested in capital assets, net of related debt</i>	--	3,167,323	805,615	3,972,938
<i>Unrestricted</i>	1,055,097	511,603	71,116	1,637,816
Total Net Assets	1,055,097	3,678,926	876,731	5,610,754
Total Liabilities and Net Assets	\$ 1,304,357	\$ 5,068,997	\$ 883,022	\$ 7,256,376

CITY OF HUNTSVILLE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Medical Insurance Fund	Equipment Replacement Fund	Computer Replacement Fund	Total Internal Service Funds (See Exhibit A-8)
OPERATING REVENUES:				
Service Charges:				
<i>Inter-department sales and services</i>	\$ 2,797,103	\$ 1,062,501	\$ 205,147	\$ 4,064,751
Total service charges	<u>2,797,103</u>	<u>1,062,501</u>	<u>205,147</u>	<u>4,064,751</u>
Service Fees and Miscellaneous:				
<i>Customer penalties and miscellaneous</i>	--	46,679	--	46,679
<i>Grants and contributions</i>	--	238,494	--	238,494
Total service fees and miscellaneous	<u>--</u>	<u>285,173</u>	<u>--</u>	<u>285,173</u>
Total Operating Revenues	<u>2,797,103</u>	<u>1,347,674</u>	<u>205,147</u>	<u>4,349,924</u>
OPERATING EXPENSES:				
Administration	2,709,575	--	--	2,709,575
Equipment replacement	--	91,389	45,517	136,906
Depreciation expense	--	972,088	154,989	1,127,077
Total Expenditures	<u>2,709,575</u>	<u>1,063,477</u>	<u>200,506</u>	<u>3,973,558</u>
OPERATING INCOME (LOSS)	<u>87,528</u>	<u>284,197</u>	<u>4,641</u>	<u>376,366</u>
NONOPERATING REVENUES (EXPENSES):				
Interest income	31,557	30,701	1,851	64,109
Interest expense	--	(44,011)	(1,058)	(45,069)
Gain (Loss) on asset disposition	--	178,865	--	178,865
Total Non-operating Revenues (Expenses)	<u>31,557</u>	<u>165,555</u>	<u>793</u>	<u>197,905</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS/TRANSFER	<u>119,085</u>	<u>449,752</u>	<u>5,434</u>	<u>574,271</u>
CONTRIBUTIONS AND TRANSFERS :				
Transfers in	700,000	774,360	159,994	1,634,354
Total Contributions and Transfers	<u>700,000</u>	<u>774,360</u>	<u>159,994</u>	<u>1,634,354</u>
CHANGE IN NET ASSETS	819,085	1,224,112	165,428	2,208,625
TOTAL NET ASSETS - beginning	236,012	2,454,814	711,303	3,402,129
TOTAL NET ASSETS - end	<u>\$ 1,055,097</u>	<u>\$ 3,678,926</u>	<u>\$ 876,731</u>	<u>\$ 5,610,754</u>

CITY OF HUNTSVILLE, TEXAS

COMBINING STATEMENT OF CASH FLOWS

ALL INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Medical Insurance Fund	Equipment Replacement Fund	Computer Replacement Fund	Total Internal Service Funds (See Exhibit A-9)
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ --	\$ 46,679	\$ --	\$ 46,679
Cash Received from Grants	--	54,000	--	54,000
Interfund Services Provided and Used	2,797,103	1,062,501	205,147	4,064,751
Cash Payments to Employees	--	--	--	--
Cash Payments to Suppliers for Goods and Services	(2,827,670)	(91,389)	(44,780)	(2,963,839)
Cash Payments for TRA Joint Venture	--	--	--	--
Net Cash Provided (Used) by Operating Activities	(30,567)	1,071,791	160,367	1,201,591
Cash Flows from Non-capital Financing Activities:				
Transfers From (To) Other Funds	700,000	774,360	159,994	1,634,354
Net Cash Provided (Used) by Non-capital Financing Activities	700,000	774,360	159,994	1,634,354
Cash Flows from Capital and Related Financing Activities:				
Principal and Interest Paid	--	(611,278)	(213,798)	(825,076)
Proceeds from Capital Lease	--	986,353	--	986,353
Acquisition or Construction of Capital Assets	--	(2,466,583)	(93,810)	(2,560,393)
Proceeds from Sale of Capital Assets	--	178,865	--	178,865
Net Cash Provided (Used) for Capital and Related Financing Activities	--	(1,912,643)	(307,608)	(2,220,251)
Cash Flows from Investing Activities:				
Interest and Dividends on Investments	31,557	30,701	1,851	64,109
Net Cash Provided (Used) for Investing Activities	31,557	30,701	1,851	64,109
Net Increase (Decrease) in Cash and Cash Equivalents	700,990	(35,791)	14,604	679,803
Cash and Cash Equivalents at Beginning of Year	554,299	766,618	62,804	1,383,721
Cash and Cash Equivalents at End of Year	\$ 1,255,289	\$ 730,827	\$ 77,408	\$ 2,063,524
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	\$ 87,528	\$ 284,197	\$ 4,641	\$ 376,366
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Depreciation	--	972,088	154,989	1,127,077
Amortization	--	--	--	--
Change in Assets and Liabilities:				
Decrease (Increase) in Prepaid Expenses	(49,068)	--	--	(49,068)
Decrease (Increase) in Receivables	--	(184,494)	--	(184,494)
Decrease (Increase) in Inventories	--	--	--	--
Increase (Decrease) in Accounts Payable	(69,027)	--	737	(68,290)
Increase (Decrease) in Customer Deposits	--	--	--	--
Increase (Decrease) in Compensated Absences	--	--	--	--
Increase (Decrease) in Interfund Payables	--	--	--	--
Increase (Decrease) in Due to Other Governments	--	--	--	--
Increase (Decrease) in Accrued Expenses	--	--	--	--
Total Adjustments	(118,095)	787,594	155,726	825,225
Net Cash Provided (Used) by Operating Activities	\$ (30,567)	\$ 1,071,791	\$ 160,367	\$ 1,201,591

CITY OF HUNTSVILLE, TEXAS
MEDICAL INSURANCE
INTERNAL SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT C-26

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES:				
Service Charges:				
Inter-department sales and services	\$ 2,743,976	\$ 2,743,976	\$ 2,797,103	\$ 53,127
Total service charges	2,743,976	2,743,976	2,797,103	53,127
 Total Operating Revenues	 2,743,976	 2,743,976	 2,797,103	 53,127
OPERATING EXPENSES:				
Administration	2,773,976	2,778,602	2,709,575	69,027
Total Expenditures	2,773,976	2,778,602	2,709,575	69,027
 OPERATING INCOME (LOSS)	 (30,000)	 (34,626)	 87,528	 122,154
NONOPERATING REVENUES (EXPENSES):				
Interest income	30,000	30,000	31,557	1,557
Total Non-operating Revenues (Expenses)	30,000	30,000	31,557	1,557
 INCOME (LOSS) BEFORE CONTRIBUTIONS/TRANSFERS	 —	 (4,626)	 119,085	 123,711
CONTRIBUTIONS AND TRANSFERS :				
Transfers in	--	700,000	700,000	--
Total Contributions and Transfers	--	700,000	700,000	--
 CHANGE IN NET ASSETS	 --	 695,374	 819,085	 123,711
 TOTAL NET ASSETS - beginning	 236,012	 236,012	 236,012	 --
TOTAL NET ASSETS - end	\$ 236,012	\$ 931,386	\$ 1,055,097	\$ 123,711

CITY OF HUNTSVILLE, TEXAS
CAPITAL EQUIPMENT
INTERNAL SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT C-27

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
OPERATING REVENUES:				
Service Charges:				
<i>Inter-department sales and services</i>	\$ 1,225,796	\$ 1,237,112	\$ 1,062,501	\$ (174,611)
Total service charges	1,225,796	1,237,112	1,062,501	(174,611)
Service Fees and Miscellaneous:				
<i>Customer penalties and miscellaneous</i>	1,070,000	6,775	46,679	39,904
<i>Grants and contributions</i>	--	--	238,494	238,494
Total service fees and miscellaneous	1,070,000	6,775	285,173	278,398
Total Operating Revenues	2,295,796	1,243,887	1,347,674	103,787
OPERATING EXPENSES:				
<i>Equipment replacement</i>	2,896,416	2,914,507	91,389	2,823,118
<i>Principal payments</i>	243,266	738,406	--	738,406
<i>Depreciation expense</i>	--	--	972,088	(972,088)
Total Expenditures	3,139,682	3,652,913	1,063,477	2,589,436
OPERATING INCOME (LOSS)	(843,886)	(2,409,026)	264,197	2,693,223
NONOPERATING REVENUES (EXPENSES):				
<i>Interest income</i>	31,510	31,510	30,701	(809)
<i>Interest expense</i>	(62,041)	(83,942)	(44,011)	39,931
<i>Gain (Loss) on asset disposition</i>	--	--	178,865	178,865
Total Non-operating Revenues (Expenses)	(30,531)	(52,432)	165,555	217,987
INCOME (LOSS) BEFORE CONTRIBUTIONS/TRANSFERS	(874,417)	(2,461,458)	449,752	2,911,210
CONTRIBUTIONS AND TRANSFERS :				
<i>Transfers in</i>	94,024	611,065	774,360	163,295
Total Contributions and Transfers	94,024	611,065	774,360	163,295
CHANGE IN NET ASSETS	(780,393)	(1,850,393)	1,224,112	3,074,505
TOTAL NET ASSETS - beginning	2,454,814	2,454,814	2,454,814	--
TOTAL NET ASSETS - end	\$ 1,674,421	\$ 604,421	\$ 3,678,926	\$ 3,074,505

CITY OF HUNTSVILLE, TEXAS
COMPUTER EQUIPMENT REPLACEMENT
INTERNAL SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT C-28

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES:				
Service Charges:				
<i>Inter-department sales and services</i>	\$ 205,147	\$ 205,147	\$ 205,147	\$ --
Total service charges	205,147	205,147	205,147	--
Total Operating Revenues	205,147	205,147	205,147	--
OPERATING EXPENSES:				
<i>Equipment replacement</i>	205,148	205,148	45,517	159,631
<i>Principal payments</i>	205,223	205,223	--	205,223
<i>Depreciation expense</i>	--	--	154,989	(154,989)
Total Expenditures	410,371	410,371	200,506	209,865
OPERATING INCOME (LOSS)	(205,224)	(205,224)	4,641	209,865
NONOPERATING REVENUES (EXPENSES):				
<i>Interest income</i>	2,600	2,600	1,851	(749)
<i>Interest expense</i>	(8,574)	(8,574)	(1,058)	7,516
Total Non-operating Revenues (Expenses)	(5,974)	(5,974)	793	6,767
INCOME (LOSS) BEFORE CONTRIBUTIONS/TRANSFERS	(211,198)	(211,198)	5,434	216,632
CONTRIBUTIONS AND TRANSFERS :				
<i>Transfers in</i>	159,994	159,994	159,994	--
Total Contributions and Transfers	159,994	159,994	159,994	--
CHANGE IN NET ASSETS	(51,204)	(51,204)	165,428	216,632
TOTAL NET ASSETS - beginning	711,303	711,303	711,303	--
TOTAL NET ASSETS - end	\$ 660,099	\$ 660,099	\$ 876,731	\$ 216,632

CITY OF HUNTSVILLE, TEXAS

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

SEPTEMBER 30, 2008

	Employee Assistance Trust Fund	Scholarship Trust Fund	Total Agency Funds (See Exhibit A-10)
ASSETS:			
<i>Cash and cash equivalents</i>	\$ 7,090	\$ 6,356	\$ 13,446
Total Assets	<u>\$ 7,090</u>	<u>\$ 6,356</u>	<u>\$ 13,446</u>
LIABILITIES:			
<i>Accounts payable</i>	\$ 7,090	\$ 6,356	\$ 13,446
Total Liabilities	<u>\$ 7,090</u>	<u>\$ 6,356</u>	<u>\$ 13,446</u>

CITY OF HUNTSVILLE, TEXAS

EXHIBIT C-30

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

YEAR ENDED SEPTEMBER 30, 2008

	Balance October 1, 2007	Additions	Deductions	Balance September 30, 2008
Employee Assistance Trust Fund				
ASSETS				
<i>Cash & Investments</i>	\$ 7,523	\$ 2,173	\$ 2,606	\$ 7,090
Total Assets	\$ 7,523	\$ 2,173	\$ 2,606	\$ 7,090
LIABILITIES				
<i>Accounts Payable</i>	\$ 7,523	\$ 2,173	\$ 2,606	\$ 7,090
Total Liabilities	\$ 7,523	\$ 2,173	\$ 2,606	\$ 7,090
Scholarship Trust Fund				
ASSETS				
<i>Cash & Investments</i>	\$ 3,564	\$ 6,088	\$ 3,296	\$ 6,356
Total Assets	\$ 3,564	\$ 6,088	\$ 3,296	\$ 6,356
LIABILITIES				
<i>Accounts Payable</i>	\$ 3,564	\$ 6,088	\$ 3,296	\$ 6,356
Total Liabilities	\$ 3,564	\$ 6,088	\$ 3,296	\$ 6,356
TOTAL AGENCY FUNDS:				
ASSETS				
<i>Cash & Investments</i>	\$ 11,087	\$ 8,261	\$ 5,902	\$ 13,446
Total Assets	\$ 11,087	\$ 8,261	\$ 5,902	\$ 13,446
LIABILITIES				
<i>Accounts Payable</i>	\$ 11,087	\$ 8,261	\$ 5,902	\$ 13,446
Total Liabilities	\$ 11,087	\$ 8,261	\$ 5,902	\$ 13,446

This page was intentionally left blank.

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

Kenneth C. Davis & Company

A Professional Corporation

Certified Public Accountants

1300 11TH STREET, SUITE 400

P.O. BOX 6308

HUNTSVILLE, TEXAS 77342

PHONE (936) 291-3020

FAX (936) 291-9607

Independent Auditor's Report

Report on Internal Control over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

City Council
City of Huntsville, Texas
1212 Avenue M
Huntsville, Texas 77340-4608

Members of the City Council:

We have audited the basic and combining financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Huntsville, Texas as of and for the year ended September 30, 2008, which collectively comprise the City of Huntsville, Texas' basic financial statements and have issued our report thereon dated February 9, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Huntsville, Texas' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the City of Huntsville, Texas' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Huntsville, Texas' internal control over financial reporting. A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Huntsville, Texas' ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Huntsville, Texas' financial statements that is more than inconsequential will not be prevented by the City of Huntsville, Texas' internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Huntsville, Texas' internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Huntsville, Texas' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the entity, the City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Kenneth C. Davis', is written over a horizontal line.

Kenneth C. Davis & Company, P.C.

February 9, 2009

CITY OF HUNTSVILLE, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

One or more material weaknesses identified?

____ Yes X No

One or more significant deficiencies identified that
are not considered to be material weaknesses?

____ Yes X None Reported

Noncompliance material to financial
statements noted?

____ Yes X No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

CITY OF HUNTSVILLE, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
None reported.		

CITY OF HUNTSVILLE, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT D-1

Page 1 of 2

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF JUSTICE			
Passed Through Bureau of Justice Assistance:			
Bullet Proof Vest	16.607	N/A	\$ 983
Justice Assistance Grant	16.738	2007-DJ-BX-1020	12,948
Total Passed Through Bureau of Justice Assistance			13,931
Passed Through Office of Community Oriented Policing Services:			
Local Law Enforcement Block Grant	16.710	2006CKWX0661	21,511
Total Passed Through Office of Community Oriented Policing Services			21,511
Total U. S. Department of Justice			35,442
U. S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT			
Passed Through Texas Office of Rural Community Affairs:			
Homebuyers/Owner Occupied Assistance Prgm.	14.228	DRS060037	298,841
Total U. S. Department of Housing & Urban Development			298,841
U. S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through Federal Emergency Management Agency:			
Staffing for Adequate Fire and Emergency Response	97.044	EMW-2006-FF-04180	55,890
Staffing for Adequate Fire and Emergency Response	97.044	EMW-2007-FF-01003	13,006
Total U. S. Department of Homeland Security			68,896
U. S. DEPARTMENT OF INTERIOR			
Passed Through Texas Department of Parks and Wildlife:			
National Parks Services - Land & Water Conservation Fund			
Outdoor Recreation (Aquatic Center)	15.916	48-01058	25,000
Total U. S. Department of Interior			25,000
FEDERAL EMERGENCY MANAGEMENT AGENCY			
Passed Through Texas Department of Public Safety:			
Emergency Management Assistance Program	83.552	07TX-EMPG-0484	10,400
National Urban Search & Rescue Response System	97.025	N/A	9,492
Total Federal Emergency Management Agency			19,892
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 448,071
STATE AWARDS			
Passed Through Texas Commission on Law Enforcement Officer Standards & Education:			
Peace Officer Education	N/A	N/A	\$ 4,051
Passed Through Texas Forest Service:			
Rural Volunteer Fire Department Assistance Program	N/A	1067	54,000
Education	N/A	N/A	1,477
Total Texas Forest Service			55,477
Passed Through Texas State Libraries and Archives Commission:			
Loan Star Library	N/A	442-07235	9,085
Passed Through Texas Department of Transportation:			
Labor Day Impaired Driving Mobilization	N/A	587XXF6115	4,183
"Click It or Ticket" Mobilization	N/A	N/A	5,896
Total Texas Department of Transportation			10,079
TOTAL EXPENDITURES OF STATE AWARDS			\$ 78,692

The accompanying notes are an integral part of this schedule.

CITY OF HUNTSVILLE, TEXAS**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008****Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of City of Huntsville, Texas and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

This page was intentionally left blank.

STATISTICAL SECTION

This part of the City of Huntsville, Texas' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	Page
Financial Trends	108
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	114
<i>These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.</i>	
Debt Capacity	120
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	125
<i>These schedules offer demographic and economic indicators to help the reader understand how the City's financial activities take place and to help make comparisons over time and with other governments.</i>	
Operating Information	127
<i>These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

This page was intentionally left blank.

CITY OF HUNTSVILLE, TEXAS
NET ASSETS BY COMPONENT
LAST FIVE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

TABLE E-1

	Fiscal Year			
	2004	2005	2006	2007
				2008
Governmental Activities				
Invested in Capital Assets,				
Net of Related Debt				
Restricted	\$ 8,816 \$	11,379 \$	14,371 \$	14,125 \$
Unrestricted	2,825	2,684	1,950	1,367
Total Governmental Activities Net Assets	6,284	5,167	7,141	9,144
	\$ 17,925 \$	19,230 \$	23,462 \$	24,636 \$
				28,915
Business-type Activities				
Invested in Capital Assets,				
Net of Related Debt				
Restricted	\$ 26,518 \$	30,039 \$	30,650 \$	30,572 \$
Unrestricted	20,086	21,769	25,383	28,530
Total Business-type Activities Net Assets	46,604 \$	51,808 \$	56,033 \$	59,102 \$
				58,468
Primary Government				
Invested in Capital Assets,				
Net of Related Debt				
Restricted	\$ 35,334 \$	41,418 \$	45,021 \$	44,697 \$
Unrestricted	2,825	2,684	1,950	1,367
Total Primary Government Net Assets	26,370	26,936	32,524	37,674
	\$ 64,529 \$	71,038 \$	79,495 \$	83,738 \$
				87,383

CITY OF HUNTSVILLE, TEXAS

EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST FIVE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

TABLE E-2

	Fiscal Year			
	2004	2005	2006	2007
Expenses				
Governmental Activities:				
Charter Offices				
Finance	\$ 526,118	\$ 234,145	\$ 225,564	\$ 355,117
Public Works	507,637	467,116	512,507	514,249
Administrative Services	3,419,677	2,817,160	2,947,577	4,390,108
Community Services	530,927	532,233	368,452	927,606
Public Safety	2,351,859	1,980,942	2,097,339	2,840,771
Economic Development	4,299,561	4,592,788	4,652,795	5,261,792
Information Technology Services	103,614	110,600	39,160	--
Organization and Staff Development	395,067	149,582	451,404	--
Non-Departmental	204,211	59,033	93,335	--
Other	194,913	482,963	1,001,188	--
Interest on Long-Term Debt	498,007	466,855	367,129	--
Total Governmental Activities Expenses	679,692	865,744	883,950	823,536
Business-type Activities				
Water	13,711,283	12,759,161	13,640,400	15,113,179
Wastewater	8,515,828	8,495,061	8,600,477	9,418,778
Solid Waste	6,199,501	6,498,942	6,743,995	6,865,550
Golf Course	3,316,718	3,543,587	3,498,996	3,653,569
Oakwood Cemetery - Operating	1,349,473	1,053,620	--	--
Total Business-type Activities Expenses	78,315	84,286	96,891	104,349
Total Primary Government Expenses	19,459,835	19,675,496	18,940,359	20,042,246
Program Revenues				
Governmental Activities:				
Charter Offices				
Finance	\$ --	\$ --	\$ --	\$ --
Public Works	965,298	732,291	742,856	696,960
Administrative Services	52,625	65,263	69,796	551,018
Community Services	12,054	12,518	12,781	--
Public Safety	34,782	37,960	45,677	126,987
Economic Development	476,810	229,457	265,943	261,730
Information Technology Services	--	--	--	--
Organization and Staff Development	--	--	20,422	--
Non-Departmental	--	--	--	--
Other	246,108	243,499	288,280	--
Capital Grants and Contributions	127,568	139,006	--	--
Operating Grants and Contributions	--	--	--	475,000
Total Governmental Activities Program Revenues	557,824	1,427,022	1,104,914	618,778
	2,473,069	2,887,016	2,550,669	2,730,473
				2,411,857

Business-type Activities:					
Charges for Services:					
Water	9,647,002	10,429,286	10,368,491	10,041,283	10,777,639
Wastewater	7,522,863	7,551,567	7,706,381	8,258,369	8,471,967
Solid Waste	3,623,527	3,590,668	3,749,599	3,845,390	4,136,836
Golf Course	649,014	556,896	--	--	--
Oakwood Cemetery - Operating	12,713	24,732	10,749	23,930	11,930
Operating Grants and Contributions	146,889	1,442,555	518,343	357,206	358,290
Total Business-type Activities Program Revenues	21,602,008	23,595,704	22,353,563	22,526,178	23,756,662
Total Primary Government Program Revenues	\$ 24,075,077	\$ 26,482,720	\$ 24,904,232	\$ 25,256,651	\$ 26,168,519
Net (Expense)/Revenue					
Governmental Activities	\$ (11,238,214)	\$ (9,872,145)	\$ (11,089,731)	\$ (12,382,706)	\$ (12,683,030)
Business-type Activities	2,142,173	3,920,208	3,413,204	2,483,932	1,244,552
Total Primary Government Net Expense	\$ (9,096,041)	\$ (5,951,937)	\$ (7,676,527)	\$ (9,898,774)	\$ (11,438,478)

CITY OF HUNTSTVILLE, TEXAS

GENERAL REVENUES AND TOTAL CHANGE IN NET ASSETS LAST FIVE FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

TABLE E-3

	Fiscal Year			
	2004	2005	2006	2007
				2008
Net (Expense)/Revenue				
Governmental Activities	\$ (11,238,214)	\$ (9,872,145)	\$ (11,089,731)	\$ (12,382,706)
Business-type Activities	2,142,173	3,920,208	3,413,204	2,483,932
Total Primary Government Net Expense	\$ (9,096,041)	\$ (5,951,937)	\$ (7,676,527)	\$ (9,898,774)
				\$ (11,438,478)
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Taxes				
Property Taxes	\$ 3,601,495	\$ 3,891,063	\$ 4,047,933	\$ 4,222,399
Franchise Taxes	1,717,886	1,908,146	2,061,344	2,157,839
Sales Taxes	4,920,554	5,127,306	5,511,003	5,902,325
Other Taxes	444,255	466,001	556,923	581,957
Unrestricted Grants and Contributions	--	--	--	--
Payments in Lieu of Taxes	--	--	--	--
Investment Earnings	97,467	251,741	481,777	571,588
Other Revenues	106,061	187,608	859,883	445,494
Transfers	1,372,195	(654,410)	481,703	490,458
Total Governmental Activities	\$ 12,259,913	\$ 11,177,455	\$ 14,000,566	\$ 14,372,060
				\$ 16,961,540
Business-type Activities:				
Investment Earnings	227,585	564,915	1,294,075	1,074,767
Other Revenues	74,101	64,315	--	--
Transfers	(1,372,195)	654,410	(481,703)	(490,458)
Total Business-type Activities	(1,070,509)	1,283,640	812,372	584,309
Total Primary Government	\$ 11,189,404	\$ 12,461,095	\$ 14,812,938	\$ 14,956,369
				\$ 15,083,318
Change in Net Assets				
Governmental Activities	\$ 1,021,699	\$ 1,305,310	\$ 2,910,835	\$ 1,989,354
Business-type Activities	1,071,664	5,203,848	4,225,576	3,068,241
Total Primary Government	\$ 2,093,363	\$ 6,509,158	\$ 7,136,411	\$ 5,057,595
				\$ 3,644,840

CITY OF HUNTSVILLE, TEXAS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
General Fund	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Reserved	\$ 765,714	\$ 673,451	\$ 502,148	\$ 47,377	\$ 98,141	\$ 110,273	\$ 114,235	\$ 88,110	\$ 103,991	\$ 106,642
Unreserved	3,872,519	4,013,080	3,697,691	3,950,520	4,267,861	3,548,607	2,848,143	4,172,594	6,169,366	7,858,244
Total General Fund	\$ 4,638,233	\$ 4,686,531	\$ 4,199,839	\$ 3,997,897	\$ 4,366,002	\$ 3,658,880	\$ 2,962,378	\$ 4,260,704	\$ 6,273,357	\$ 7,964,886
All Other Governmental Funds										
Reserved	\$ 475,326	\$ 474,893	\$ 474,349	\$ 492,562	\$ 503,054	\$ 526,226	\$ 476,455	\$ 152,525	\$ 144,035	\$ 291,188
Unreserved, Reported In:										
Special Revenue Funds	246,881	751,824	1,688,975	1,369,726	1,175,373	1,434,916	1,909,801	2,339,591	2,262,452	2,238,495
Capital Projects Funds	8,937,100	6,387,373	5,417,796	2,740,551	1,531,268	3,092,004	1,995,204	1,612,793	1,065,296	1,953,751
Permanent Funds	--	--	--	--	441,142	442,913	440,727	440,344	454,218	458,694
Total All Other Governmental Funds	\$ 9,659,307	\$ 7,614,090	\$ 7,581,120	\$ 4,602,839	\$ 3,650,837	\$ 5,496,059	\$ 4,822,187	\$ 4,545,253	\$ 3,926,001	\$ 4,942,128

CITY OF HUNTSVILLE, TEXAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues										
Taxes	\$ 8,224,244	\$ 8,905,558	\$ 9,837,428	\$ 9,908,749	\$ 10,284,507	\$ 10,627,961	\$ 11,349,448	\$ 12,110,807	\$ 12,776,640	\$ 13,674,901
Licenses, Fees and Permits	232,344	212,214	238,440	212,361	184,436	226,406	242,684	284,860	444,643	313,952
Fines, Fees and Forfeitures	463,089	408,163	537,266	768,734	884,086	834,062	779,967	827,609	889,400	878,632
Charges for Services	380,091	470,208	496,335	575,794	468,196	650,709	676,585	568,879	636,241	609,287
Contributions, Grants and Donations	533,916	241,309	1,349,056	1,412,826	1,612,837	557,824	1,124,133	843,689	832,826	473,502
Administrative Cost Reimbursement	1,355,361	1,547,575	1,496,499	2,791,636	2,720,752	2,993,567	3,696,776	4,215,525	4,653,361	4,958,864
Investment Earnings	635,922	765,433	857,318	300,644	150,186	97,467	251,741	481,777	571,586	443,066
Other Revenues	9,348	13,945	24,112	121,651	63,143	132,412	252,426	919,297	445,751	504,917
Total Revenues	11,834,315	12,564,405	14,836,454	16,092,395	16,368,143	16,120,408	18,373,760	20,252,443	21,250,248	21,857,121
Expenditures										
Charter Offices	559,595	639,702	658,080	691,030	650,215	728,146	808,611	777,808	909,677	972,581
Finance	423,686	438,966	566,769	1,013,384	1,080,367	917,304	1,073,657	1,178,178	1,080,643	1,211,277
Public Works	3,328,017	3,611,576	3,458,098	4,020,828	4,605,281	4,195,014	3,878,094	4,434,253	4,385,291	4,650,329
Administrative Services	--	--	--	--	--	--	--	--	2,529,657	2,886,470
Community Services	1,452,926	1,575,738	2,239,573	2,127,973	2,279,377	1,910,635	2,049,479	2,104,560	2,576,927	2,680,927
Public Safety	3,015,292	3,153,255	3,569,062	4,128,532	4,193,602	4,086,565	4,758,577	4,673,004	5,291,327	5,660,044
Information Technology Services	--	--	--	--	1,229,269	1,087,422	774,743	776,754	--	--
Non-Departmental	666,290	485,554	1,050,909	2,261,009	837,978	1,008,322	1,390,944	1,611,146	--	--
Capital Outlay	1,608,481	3,502,589	7,750,051	3,699,620	23,995	1,058,033	2,212,789	2,682,132	1,446,655	242,698
Debt Service										
Interest	469,734	597,586	732,014	789,741	755,086	787,652	861,679	886,283	829,343	976,916
Principal	364,738	404,738	409,737	409,738	565,000	605,000	4,296,631	1,079,681	944,848	795,365
Total Expenditures	11,878,759	14,409,704	20,434,293	19,141,855	16,200,170	16,384,093	22,105,204	20,203,799	19,994,368	20,076,607
Excess of Revenues Over (Under) Expenditures	(44,444)	(1,845,299)	(5,597,839)	(3,049,460)	167,973	(263,685)	(3,731,444)	48,644	1,255,880	1,780,514
Other Financing Sources (Uses)										
Issuance Bonds/Notes	7,425,000	--	5,000,000	--	--	1,253,076	3,820,000	1,145,000	--	--
Issuance of Certificates of Obligation	--	--	--	--	--	1,200,000	--	--	--	--
Payment of Refunded Bond Esc Agent	--	--	--	--	--	(1,183,208)	--	--	--	--
Cost of Issuance	(91,858)	--	--	--	--	--	--	--	--	--
Capital Lease Proceeds	--	--	--	--	--	--	--	--	--	--
Transfers In	2,075,270	1,000,352	1,744,616	716,161	1,175,617	2,663,545	701,991	2,350,717	951,915	2,924,903
Transfers Out	(2,075,271)	(1,151,971)	(1,666,439)	(1,015,817)	(2,014,346)	(2,531,631)	(2,160,921)	(2,522,969)	(814,391)	(1,997,764)
Total Other Financing Sources (Uses)	7,333,141	(151,619)	5,078,177	(299,656)	(838,729)	1,401,782	2,361,070	972,748	137,524	927,139
Net Change in Fund Balances	\$ 7,288,697	(1,996,918)	(519,662)	(3,349,116)	(670,756)	1,138,097	(1,370,374)	1,021,392	1,393,404	2,707,653
Debt Service As A Percentage Of Noncapital Expenditures	8.0%	9.2%	9.0%	7.8%	8.2%	9.1%	25.9%	11.2%	9.6%	8.9%

CITY OF HUNTSVILLE, TEXAS
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

TABLE E-6

Fiscal Year	Property Tax	Sales & Use Tax	Franchise and Other Taxes	Total
1999	\$ 2,461,454	\$ 4,148,865	\$ 1,613,925	\$ 8,224,244
2000	2,665,417	4,449,976	1,790,165	8,905,558
2001	2,931,548	4,585,249	2,320,631 3)	9,837,428
2002	3,196,855	4,630,276	2,081,618	9,908,749
2003	3,425,938	4,708,826	2,149,743	10,284,507
2004	3,545,266	4,920,554	2,162,141	10,627,961
2005	3,847,994	5,127,306	2,374,148	11,349,448
2006	3,916,022	5,511,003	2,061,344	11,488,369
2007	4,134,519	5,902,325	2,739,796	12,776,640
2008	4,725,708	6,072,299	2,876,894	13,674,901

Source: City of Huntsville Budget Documents and Comprehensive Annual Financial Report

- 1) Includes current taxes, delinquent taxes, penalties and interest.
- 2) Includes franchise and gross receipt taxes, mixed drink taxes and hotel-motel occupancy taxes.
- 3) Includes Use of Right-of-Way.

CITY OF HUNTSVILLE, TEXAS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Residential Property	Commercial Property	Agricultural Property	Industrial Property	Other Property	Less: Tax-Exempt Property	Total Taxable Assessed Value
2001	\$ 405,490,601	\$ 242,680,480	\$ 10,871,180	\$ 17,800,490	\$ 27,017,020	\$ 31,650,337	\$ 672,209,434
2002	450,819,860	273,682,710	10,187,080	20,871,710	30,868,800	40,163,661	746,266,499
2003	467,036,552	262,242,030	12,076,640	22,238,680	30,545,570	38,158,512	755,980,960
2004	525,955,569	274,367,340	13,453,940	23,791,720	32,645,762	50,283,554	819,930,777
2005	549,917,299	323,799,290	13,769,880	11,605,650	34,859,152	54,257,548	879,693,723
2006	591,101,352	326,560,700	14,961,910	12,552,400	37,624,120	66,240,485	916,559,997
2007	646,884,721	309,698,960	16,063,020	47,323,330	44,745,620	77,066,511	987,649,140
2008	702,770,713	315,173,801	20,390,420	53,218,390	49,468,812	70,263,493	1,070,758,643

Note: Fiscal Years ending 1999 - 2000 are not available from Walker County Appraisal District due to a computer conversion.
Source: Walker County Appraisal District certified by Chief Appraiser as of July 24, 2008

TABLE E-8

CITY OF HUNTSVILLE, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

Fiscal Year	City Direct Rates			Overlapping Rates			
	Basic Rate	General Obligation Debt Service	Total Direct Rate	Huntsville ISD	Walker County	Hospital District	
1999	\$ 0.32718	\$ 0.10282	\$ 0.43000	\$ 1.44000	\$ 0.59500	\$ 0.15000	
2000	0.27609	0.13641	0.41250	1.69000	0.58500	0.13550	
2001	0.30763	0.12487	0.43250	1.69000	0.58500	0.14450	
2002	0.27785	0.15465	0.43250	1.66000	0.58500	0.15000	
2003	0.28397	0.16603	0.45000	1.66000	0.62500	0.16000	
2004	0.23223	0.19277	0.42500	1.66000	0.62500	0.18500	
2005	0.24473	0.19277	0.43750	1.66000	0.62500	0.19220	
2006	0.23913	0.19277	0.43190	1.66000	0.59970	0.18250	
2007	0.23810	0.18110	0.41920	1.53000	0.56670	0.17200	
2008	0.24050	0.17300	0.41350	1.21000	0.54500	0.16000	

Source: Walker County Appraisal District

CITY OF HUNTSVILLE, TEXAS
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND TEN YEARS AGO

TABLE E-9

Taxpayer	2008			1998		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Weatherford Completion Ser	\$ 19,512,706	1	1.82%	N/A	N/A	N/A
Wal-Mart Stores, Inc.	16,093,830	2	1.50%	14,604,430	1	2.60%
Huntsville Place	14,788,360	3	1.38%	N/A	N/A	N/A
SCI Gateway at Huntsville	13,430,650	4	1.25%	N/A	N/A	N/A
Entergy Gulf States	12,638,450	5	1.18%	11,483,530	3	2.04%
Samuel C. Dominey	11,070,810	6	1.03%	N/A	N/A	N/A
Arbors of Huntsville	10,550,400	7	0.99%	14,565,790	2	2.59%
Southwestern Bell Telephone	10,032,160	8	0.94%	4,567,570	6	0.81%
University House Phase II	8,405,500	9	0.79%	N/A	N/A	N/A
West Hill Mall	8,357,600	10	0.78%	5,063,890	5	0.90%
EVI Arrow, Inc.	6,503,080	11	N/A	7,901,700	4	1.41%
Gibbs Brothers & Co.	N/A	N/A	N/A	4,450,640	7	0.79%
Ridgewood West Apartments	N/A	N/A	N/A	4,200,000	8	0.75%
The Timbers Apartments	N/A	N/A	N/A	3,466,200	9	0.62%
First National Bank	N/A	N/A	N/A	3,456,650	10	0.62%
Total	\$ 131,383,546		11.66%	\$ 73,760,400		13.13%

Source: City of Huntsville Budget Documents

CITY OF HUNTSVILLE, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1999	\$ 2,431,739	\$ 2,373,496	97.6%	\$ 55,829	\$ 2,429,325	99.9%
2000	2,626,477	2,577,036	98.1%	45,450	2,622,486	99.8%
2001	2,907,066	2,842,522	97.8%	55,763	2,898,285	99.7%
2002	3,162,188	3,102,772	98.1%	49,927	3,152,699	99.7%
2003	3,407,218	3,330,628	97.8%	64,784	3,395,412	99.7%
2004	3,536,589	3,423,539	96.8%	95,453	3,518,992	99.5%
2005	3,842,132	3,717,347	96.8%	95,421	3,812,768	99.2%
2006	3,987,376	3,835,272	96.2%	100,441	3,935,713	98.7%
2007	4,161,024	4,003,075	96.2%	115,046	4,118,121	99.0%
2008	4,345,730	4,279,765	98.5%	--	4,279,765	98.5%

Sources: Walker County Appraisal District

TABLE E-11

CITY OF HUNTSVILLE, TEXAS
 DIRECT AND OVERLAPPING SALES TAX RATES
 LAST TEN FISCAL YEARS

Fiscal Year	City Direct Rate	Walker County	State Rate
1999	1.50%	0.50%	6.25%
2000	1.50%	0.50%	6.25%
2001	1.50%	0.50%	6.25%
2002	1.50%	0.50%	6.25%
2003	1.50%	0.50%	6.25%
2004	1.50%	0.50%	6.25%
2005	1.50%	0.50%	6.25%
2006	1.50%	0.50%	6.25%
2007	1.50%	0.50%	6.25%
2008	1.50%	0.50%	6.25%

Sources: City of Huntsville Budget Documents

TABLE E-12

CITY OF HUNTSVILLE, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt			Capital Leases	Percentage of personal Income	Per Capita
	General Obligation Bonds	Certificates of Obligation				
1999	\$ 3,075,000	\$ 7,799,212	\$	—	5.81	\$ 1,732
2000	2,750,000	7,719,474	—	—	5.01	1,496
2001	2,425,000	12,634,738	—	—	5.10	1,528
2002	2,100,000	12,550,000	—	—	5.11	1,589
2003	1,700,000	12,385,000	981,692	—	5.34	1,652
2004	1,403,076	13,380,000	772,719	—	4.88	1,552
2005	5,011,445	14,140,000	1,094,888	—	N/A	1,448
2006	4,611,764	13,760,000	1,038,929	—	N/A	1,345
2007	4,171,916	13,380,000	772,489	—	N/A	1,246
2007	3,755,000	12,950,000	986,353	—	N/A	1,184

Fiscal Year	Business-type Activities			Total Primary Government	Percentage of personal Income	Per Capita
	Water Revenue Bonds	Certificates of Obligation	Anticipated Notes Payable			
1999	\$ 43,155,000	\$ 1,124,735	\$ 523,260	\$ 55,677,207	5.81	\$ 1,732
2000	40,665,000	963,283	357,818	52,455,575	5.01	1,496
2001	37,835,000	793,695	184,680	53,873,113	5.10	1,528
2002	35,130,000	5,666,534	—	55,446,534	5.11	1,589
2003	38,715,000	5,555,000	—	59,336,692	5.34	1,652
2004	35,981,925	5,010,000	—	56,547,720	4.88	1,552
2005	32,883,555	—	—	53,129,888	N/A	1,448
2006	29,953,236	—	—	49,363,929	N/A	1,345
2007	27,788,084	—	—	46,112,489	N/A	1,246
2007	27,445,000	—	—	45,136,353	N/A	1,184

Note: Personal income not available for 2005-2008.

CITY OF HUNTSVILLE, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

TABLE E-13

Fiscal Year	General Bonded Debt Outstanding					Percentage of Actual Taxable Value of Property		
	General Obligation Bonds	Certificates of Obligation	Capital Leases	Total Debt	Assessed Value	Property	Population	Per Capita
1999	\$ 3,075,000	\$ 7,799,212	\$ --	\$ 10,874,212	\$ 561,573,333	1.94%	32,148	\$ 338.25
2000	2,750,000	7,719,474	--	10,469,474	638,054,799	1.64%	35,074	298.50
2001	2,425,000	12,634,738	--	15,059,738	672,209,434	2.24%	35,262	427.08
2002	2,100,000	12,550,000	--	14,650,000	746,266,499	1.96%	34,890	419.89
2003	1,700,000	12,385,000	981,692	15,066,692	755,980,960	1.99%	35,926	419.38
2004	1,403,076	13,380,000	772,719	15,555,795	819,930,777	1.90%	36,442	426.86
2005	5,011,445	14,140,000	1,094,888	20,246,333	879,693,723	2.30%	36,699	551.69
2006	4,611,764	13,760,000	1,038,929	19,410,693	916,559,997	2.12%	37,237	528.92
2007	4,171,916	13,380,000	772,489	18,324,405	987,649,140	1.86%	37,059	494.47
2008	3,755,000	12,950,000	986,353	17,691,353	1,070,758,643	1.65%	37,790	468.15

CITY OF HUNTSVILLE, TEXAS
DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITIES DEBT

TABLE E-14

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Debt Repaid With Property Taxes			
Walker County	\$ 2,290,362	57.00%	\$ 1,305,506
Huntsville Independent School District	40,762,360	77.15%	31,448,161
Subtotal, Overlapping Debt			<u>32,753,667</u>
City governmental activities direct debt			17,691,353
Total Direct and Overlapping Debt			<u>\$ 50,445,020</u>

a) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another government unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

b) Overlapping governments are those that coincide, at least, in part with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of City of Huntsville. This process recognizes that, when considering City of Huntsville's ability to issue and repay long-term debt, the entire debt burden borne by residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

CITY OF HUNTSVILLE, TEXAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt Limit	\$ 56,157,333	\$ 63,805,479	\$ 67,220,943	\$ 74,626,699	\$ 75,598,096	\$ 81,992,078	\$ 87,693,223	\$ 91,655,999	98,764,914	107,075,864
Total Net Debt Applicable to Limit	3,803,950	10,874,212	10,649,474	15,059,738	14,650,000	15,066,992	15,555,795	19,256,095	18,229,907	17,465,493
Legal Debt Margin	52,353,383	52,931,267	56,571,469	59,566,961	60,948,096	66,925,086	72,137,428	72,399,904	80,535,007	89,610,371
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	6.77%	17.04%	15.84%	20.18%	19.38%	18.38%	17.74%	21.01%	18.46%	16.31%

Legal Debt Margin Calculation for the Current Fiscal Year

Assessed Value	\$ 1,070,758,643
Debt Limit (10% of Assessed Value)	107,075,864
Debt Applicable to Limit:	
General Obligation Debt	17,691,353
Less: Amount Set Aside for Repayment of	
General Obligation Debt	(225,860)
Total Net Debt Applicable to Limit	17,465,493
Legal Debt Margin	\$ 89,610,371

Source: City of Huntsville Comprehensive Annual Financial Statements

CITY OF HUNTSVILLE, TEXAS
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year	Wastewater Revenue Bonds						Coverage
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
1999	\$ 11,689,292	\$ 8,196,038	\$ 3,493,254	\$ 870,000	\$ 598,186	2.38	
2000	12,014,877	8,795,636	3,219,241	920,000	552,236	2.19	
2001	14,279,177	10,745,681	3,533,496	970,000	520,018	2.37	
2002	15,077,613	11,233,851	3,843,762	570,000	490,938	3.62	
2003	17,332,664	11,282,537	6,050,127	675,000	716,918	4.35	
2004	17,407,743	13,031,755	4,375,988	880,000	774,078	2.65	
2005	18,530,513	13,641,064	4,889,449	915,000	739,748	2.95	
2006	19,807,892	14,168,876	5,639,016	950,000	703,410	3.41	
2007	19,629,946	15,228,807	4,401,139	990,000	665,015	2.66	
2008	20,218,425	15,689,469	4,330,986	1,215,000	690,744	2.27	

a) Revenues pledged for Wastewater Bonds include Wastewater operations and Water operations. Therefore, Revenues and Expenditures for both the Water Fund and Wastewater Fund are included above. Operating expenses do not include depreciation, bad debt expense (non cash), or interest expense on the applicable debt for which revenues are pledged. Principal on contract debt is included in operating expenses.

b) Details regarding City of Huntsville's outstanding debt can be found in Note F of the current financial statements of the City.

CITY OF HUNTSVILLE, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Population										
Huntsville	32,148	35,074	35,262	34,890	35,926	36,442	36,699	36,999	37,059	37,790
Walker County	61,476	61,758	61,916	61,309	62,336	62,761	62,735	64,026	64,245	64,239
a. Personal Income (thous)	\$ 958,709	\$ 1,047,710	\$ 1,056,829	\$ 1,084,658	\$ 1,111,911	\$ 1,159,211	\$ 1,217,153	\$ not available	\$ not available	\$ not available
a. Per Capita Personal Income	\$ 15,595	\$ 16,982	\$ 17,069	\$ 17,692	\$ 17,837	\$ 18,470	\$ 19,223	\$ not available	\$ not available	\$ not available
Median Age	--	--	--	--	--	--	--	--	--	--
Education Level in Years of Schooling	--	--	--	--	--	--	--	--	--	--
School Enrollment	--	--	--	--	--	--	--	--	--	6,066
Unemployment	not available	4.8	5.2	5.7	6.3	5.7	5.2	5.5	4.8	5.1

Sources: 1997-2005 population information provided by the US Census Bureau. 2006-2007 population information provided by the Texas Office of the State Demographer. Personal income information provided by the US Bureau of Economic Analysis. Unemployment rate information provided by the Texas Workforce Commission.

Note: a) For Walker County

TABLE E-18

CITY OF HUNTSVILLE, TEXAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	2008			1998		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Texas Dept of Criminal Justice	6,271	1	44.29%	Not Available	Not Available	Not Available
Sam Houston State University	3,099	2	21.89%	Not Available	Not Available	Not Available
Huntsville Independent School Dist	900	3	6.36%	Not Available	Not Available	Not Available
Walmart	488	4	3.45%	Not Available	Not Available	Not Available
Huntsville Memorial Hospital	400	5	2.82%	Not Available	Not Available	Not Available
Region VI Education Service Cntr	389	6	2.75%	Not Available	Not Available	Not Available
Walker County	365	7	2.58%	Not Available	Not Available	Not Available
City of Huntsville	327	8	2.31%	Not Available	Not Available	Not Available
Weatherford Completion Services	210	9	1.48%	Not Available	Not Available	Not Available
Gulf Coast Trades Center	200	10	1.41%	Not Available	Not Available	Not Available
Walmart						

Source: City employment information provided by Texas Workforce Commission. Principal employers information provided by Walker County Chamber of Commerce.

CITY OF HUNTSVILLE, TEXAS
FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Full-Time-Equivalent Employees as of Year End									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Charter Offices										
Office of City Manager	3.12	1.00	1.00	2.00	2.50	2.50	3.50	3.00	3.00	2.00
Office of City Secretary	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00
Office of City Attorney	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Office of City Judge	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Charter Offices Support	--	2.00	2.00	--	--	--	--	--	--	--
Economic Development	--	--	--	2.00	2.00	2.00	--	--	--	--
Finance										
Finance	6.00	6.00	6.63	7.00	6.00	5.50	6.50	8.00	8.00	9.00
Municipal Court	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.50	5.50	5.50
Court Security	--	--	--	--	--	--	--	1.00	1.00	1.00
Utility Billing	4.00	4.63	5.00	5.00	5.00	5.00	5.50	6.00	6.00	6.00
Administrative Services										
Human Resources	1.00	1.00	1.00	2.00	2.00	2.00	3.00	4.00	4.00	4.00
Risk/Safety Management	--	--	--	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Purchasing	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.50
Fleet/Warehouse	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00
Garage Services	8.00	8.00	8.00	8.00	6.00	7.00	7.00	6.00	6.00	7.00
Building Services	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00
Information Technology	3.00	4.00	4.00	5.00	6.00	6.00	5.00	5.00	5.00	5.00
Public Utilities										
Administration	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Water Production	3.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Water Distribution	9.00	9.00	9.00	12.00	9.00	9.00	10.00	10.00	10.00	10.00
Meter Reading	2.66	3.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Construction Crew	5.00	5.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Wastewater Collection	11.00	11.00	11.00	11.00	11.00	11.00	11.00	10.00	10.00	11.00
AJ Brown WWTP	6.00	6.00	6.00	6.00	6.00	5.50	5.50	5.00	5.00	5.00
NB Davidson WWTP	3.50	3.50	3.50	3.50	3.50	3.50	3.50	4.00	4.00	4.00
Robinson Creek WWTP	--	--	--	3.00	3.00	3.00	3.00	4.00	4.00	4.00
Environmental Services	2.50	2.50	2.50	3.00	3.00	3.00	4.00	3.00	3.00	3.00
Commercial Collection	8.00	8.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	5.00
Solid Waste Disposal	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	8.00
Residential Collection	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	8.00
Recycling	--	--	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Public Works										
Administration	5.00	5.00	5.00	7.00	6.00	6.00	6.50	6.50	6.00	6.00
Planning and Development	12.00	14.00	15.00	15.00	14.00	15.00	14.00	12.00	15.50	15.50
Central Inspection	6.00	6.00	6.00	7.00	6.00	6.00	6.00	6.00	4.00	4.00
Health Inspection	--	--	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00
Streets	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00
Drainage Maintenance	--	--	--	--	--	4.00	4.00	4.00	4.00	4.00
Street Sweeping	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Community Services										
Administration	3.50	2.50	2.50	1.00	1.00	1.00	2.00	2.00	4.00	4.00
Recreation	--	--	2.00	1.00	4.00	4.00	4.50	--	0.50	0.50
Parks Maintenance	11.66	12.66	11.66	13.66	8.66	8.66	8.66	13.66	16.16	16.16
Urban Forestry	--	--	--	--	1.00	1.00	1.00	--	--	--
Cemetery Operations	--	--	--	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Library	8.00	8.00	8.00	9.00	8.00	9.00	9.00	9.00	9.50	9.50
Cultural Services	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Main Street	--	--	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Golf Course Operations	--	--	--	1.00	9.50	9.50	--	--	--	--
Golf Course Pro Shop Operations	--	--	--	1.00	10.00	10.00	--	--	--	--
Aquatic Center	--	--	--	--	--	--	--	--	0.66	0.66
Public Safety										
Administration	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Police	42.00	42.00	44.00	47.00	47.00	47.00	47.00	47.00	52.00	52.00
Fire	4.00	5.00	5.00	6.00	5.00	6.00	7.00	8.00	12.00	12.00
School Resource Officers	--	--	--	--	5.00	5.00	5.00	6.00	6.00	6.00
Dispatch Services	7.00	6.00	--	--	--	--	--	--	--	--
Total	237.94	241.79	241.79	264.16	271.16	277.16	272.16	278.16	284.32	284.32

Source: City of Huntsville Budget Documents

CITY OF HUNTSVILLE, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year								
	2000	2001	2002	2003	2004	2005	2006	2007	2008
Finance									
Invoices Processed	17,558	18,239	17,619	not available	not available	9,423	9,847	8,622	9,500
Payroll Checks Issued	4,375	5,820	4,376	5,231	4,377	3,909	3,526	3,430	3,100
Court Cases Filed and Processed	not available	not available	not available	10,788	9,168	8,698	7,833	7,393	8,000
Warrants Issued	1,706	not available	not available	not available	not available	3,590	2,870	2,816	3,000
Utility Bills Generated	not available	not available	not available	not available	not available	not available	98,273	100,948	103,218
Utility Payment Received	not available	not available	not available	not available	not available	not available	82,025	81,499	95,501
Meter Reading Service Orders Generated	6,503	6,050	6,323	5,277	5,382	not available	13,718	14,993	10,966
Administrative Services									
Workers Compensation Claims Filed	54	52	50	48	42	40	21	24	30
On Site Property Inspections Conducted	not available	not available	not available	not available	not available	9	8	91	80
Purchase Orders Issued	not available	not available	not available	not available	not available	not available	214	237	298
Formal Bids Issued	15	not available	not available	not available	not available	13	18	21	35
Computer Help Desk Request Completed	not available	not available	not available	not available	not available	2,457	3,081	3,191	3,000
Garage Work Orders Processed	not available	not available	not available	not available	not available	3,949	3,419	1,333	1,100
Public Utilities									
Gallons Water Produced (in billions)	2.65	2.70	2.80	not available	not available	2.12	2.82	2.58	2.84
Water Main Leaks Repaired	57	90	not available	not available	not available	30	80	87	277
New Water Connections Installed	198	123	not available	not available	not available	91	150	106	136
New Sewer Taps Installed	127	97	not available	not available	not available	72	80	150	130
Gallons Wastewater Treated (in billions)	1.42	1.19	1.19	not available	not available	1.35	1.53	1.57	1.45
Manholes Inspected and Serviced	not available	not available	not available	not available	not available	not available	318	756	760
Commercial Waste Collected (in tons)	15,478	not available	not available	not available	not available	16,871	17,100	19,501	20,765
Residential Waste Collected (in tons)	6,313	not available	not available	not available	not available	7,372	7,098	7,177	7,083
Waste Transferred to Landfill (in tons)	34,139	35,443	35,226	not available	not available	34,334	34,064	36,636	37,608
Waste Recycled (in tons)	1,632	2,046	1,974	not available	not available	2,223	2,486	2,704	2,254
Public Works									
Code Enforcement Complaints Investigated	211	315	not available	260	273	485	594	377	333
Food Establishment Inspections Performed	692	not available	not available	not available	not available	257	422	461	455
Lane Miles of Existing Streets Seal Coated	26.00	4.50	23.03	not available	not available	8.08	-	13.77	23.34
Tons Debris Removed from Drainage Ways	not available	not available	not available	not available	not available	5,074	6,020	3,547	2,763
Curb Miles Swept by Street Sweeper	not available	not available	4,354	not available	3,617	3,786	3,216	3,037	2,770

Community Services

In-House Recreation Programs Offered	not available	not available	not available	not available	not available	not available	not available	not available	not available	30	69
Contract Recreation Programs Offered	not available	not available	not available	not available	not available	not available	not available	not available	not available	4	2
Playground Safety Inspections Performed	19	12	12	12	12	12	12	12	12	141	144
Library Items Circulated	82,092	84,066	not available	not available	not available	not available	not available	not available	96,974	103,303	144,162
Library Visitors	110,138	not available	not available	not available	113,089	145,543	173,245	156,067	144,439	144,439	163,076
Wynne Home Visitors	N/A	N/A	N/A	N/A	N/A	N/A	N/A	650	4,370	4,370	5,019
Art and Cultural Events Held	not available	not available	not available	not available	not available	not available	150	270	165	165	245
Business in Main Street Downtown District	N/A	not available	not available	not available	not available	not available	67	70	86	86	85
Main Street Events Held	N/A	not available	not available	not available	not available	not available	5	7	6	6	4
Public Safety											
Police Calls for Service	30,565	34,784	28,890	44,021	45,170	44,666	38,078	36,921	44,220	36,921	44,220
Arrest Made	not available	not available	not available	not available	not available	1,446	1,339	1,621	1,669	1,621	1,669
Citations Issued	not available	12,422	not available	10,327	9,133	7,168	6,793	6,323	6,457	6,323	6,457
Offenses/Incidents Reported	not available	not available	not available	not available	not available	3,479	3,344	3,323	3,381	3,323	3,381
Fire Calls for Service	1,252	not available	not available	787	794	1,275	1,522	1,324	1,458	1,324	1,458
Main Alarms Answered	not available	not available	not available	not available	not available	249	330	304	248	304	248
Fire Inspections Conducted	256	251	320	238	210	210	248	310	173	310	173

Source: City of Huntsville Budget Documents

CITY OF HUNTSVILLE, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

TABLE E-21

Function/Program	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Public Utilities:										
Water Line (approximate miles)	not available	not available	not available	not available	not available	not available	not available	200	200	200
Sewer Line (approximate miles)	not available	not available	not available	not available	not available	not available	not available	190	205	205
Liftstations	not available	not available	not available	not available	not available	not available	not available	26	28	29
Water Plants	3	3	3	3	3	3	3	3	3	2
Wastewater Treatment Plants	2	2	2	3	3	3	3	3	3	3
Solid Waste Recycling Facilities	0	0	0	0	1	1	1	1	1	1
Public Works										
Street (centerline miles)	not available	not available	not available	not available	not available	not available	not available	139	139	142
Community Services										
Parks	21	21	22	25	25	25	26	26	26	26
Park Acreage	180.17	180.17	229.30	406.72	406.72	406.72	265.41	281.94	281.94	281.94
City Pool (1997-2004)/Aquatic Centers	1	1	1	1	1	1	--	--	--	1
Community Centers (MLK Building)	1	1	1	1	1	1	1	1	1	1
Arts Center	0	0	0	0	0	0	0	1	1	1
Libraries	1	1	1	1	1	1	1	1	1	1
Public Safety:										
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	3	3	3	3	3	3	3	3	3	3

Sources: Various city departments

Note: Capital Asset Statistics for Charter Offices, Finance and Administrative Services are not available.